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Public Accounts 1997-98

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Volume 1

Main Financial Statements



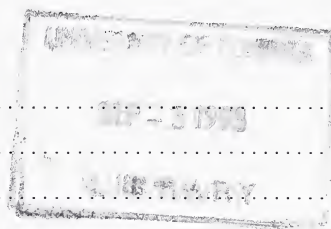
Saskatchewan



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To His Honour
The Honourable John Wiebe
Lieutenant Governor of the Province of Saskatchewan

May It Please Your Honour:

The undersigned has the honour to submit herewith the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 1998.

Respectfully submitted,



Eric Cline
Minister of Finance

Regina, Saskatchewan
August, 1998

The Honourable Eric Cline
Minister of Finance

We have the honour of presenting herewith the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 1998.

Respectfully submitted,



W. Davern Jones
Deputy Minister of Finance

Regina, Saskatchewan
August, 1998



Terry Paton
Provincial Comptroller

Introduction to the Public Accounts

The 1997-98 Public Accounts of the Government of Saskatchewan are organized into two reports:

Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan.

The General Revenue Fund Financial Statements account for the financial transactions of the General Revenue Fund and the Province of Saskatchewan Sinking Funds. All public money is paid into the General Revenue Fund except where the Legislative Assembly has directed otherwise. The General Revenue Fund is available for appropriation for the public services of Saskatchewan.

The Summary Financial Statements consolidate the financial transactions of the General Revenue Fund, Crown corporations, agencies, boards and commissions. These consolidated statements provide a full accounting of the financial affairs and resources of all entities for which the Government is responsible.

Volume 1 also contains detailed information on public issue debentures and debentures issued to the Minister of Finance of Canada.

Volume 2 contains the following:

- details on the revenue and expenditures of the General Revenue Fund; and,
- other information including financial information on the assets, liabilities and residual balances of superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Internet Address

The Public Accounts are available on the Internet at: <http://www.gov.sk.ca/govt/finance/>

Sources of Additional Information

Financial Statements Compendium

This is a two-part report comprised of the financial statements of various government boards, agencies, commissions, superannuation funds, special purpose funds and institutions, as well as Crown corporations which are accountable to the Treasury Board.

Annual Reports of Saskatchewan Crown Corporations

This is a compendium of the financial reports of Crown corporations that are accountable to the Crown Investments Corporation.

Budget Address

The Government of Saskatchewan presents a budget each year, usually early in the spring. At this time, a document containing the Budget Address and budget papers is tabled.

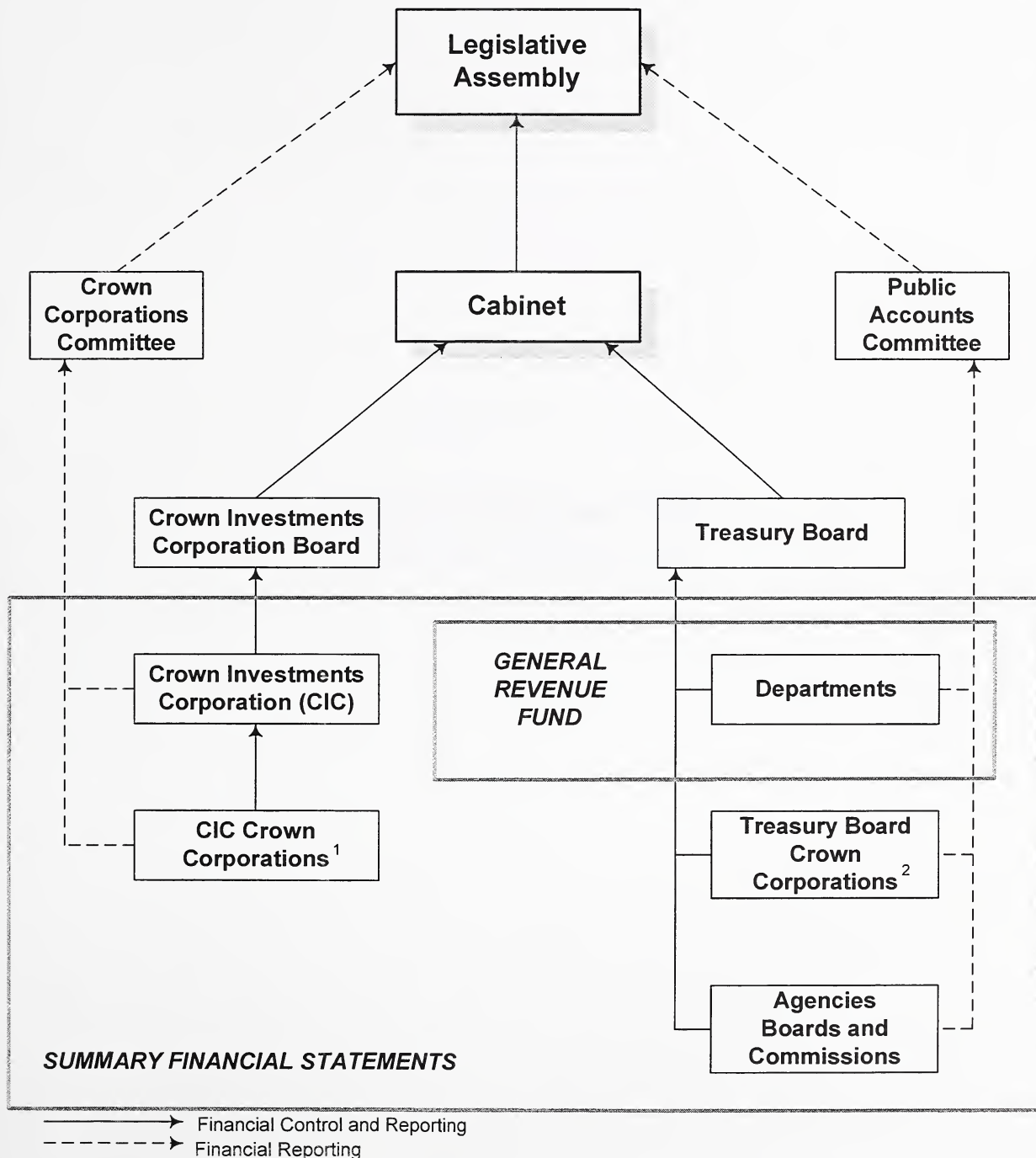
Saskatchewan Estimates

The Government's spending estimates for the year commencing April 1 are presented to the members of the Legislative Assembly following presentation of the Budget Address by the Minister of Finance. The Estimates outline the detailed estimates of revenue, expenditure, loans, advances, and investments to the Legislative Assembly for approval in the form of *The Appropriation Act*.

Province of Saskatchewan Mid-Year Financial Report

This report, released in November, provides an update on the Province's revenue, expenditure, and surplus, reflecting economic changes and other developments to the mid-point of the fiscal year. Updates on the Province's economy, loans, investments, and debt are also provided.

Financial Reporting Structure



1 Examples of CIC Crown corporations are: SaskEnergy, SaskPower, SaskTel, SGI, and STC.

2 Examples of Treasury Board Crown corporations are: Agricultural Credit Corporation of Saskatchewan, Saskatchewan Liquor and Gaming Authority, Saskatchewan Crop Insurance Corporation and Saskatchewan Property Management Corporation.

**General Revenue Fund
Financial Statements**

Responsibility for General Revenue Fund Financial Statements

The Government is responsible for the General Revenue Fund Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate.

The Provincial Auditor expresses an independent opinion on these statements. His report, stating the scope of his audit and opinion, appears on the following page.

Treasury Board approves the General Revenue Fund Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

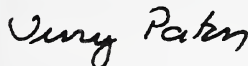
On behalf of the Government of the Province of Saskatchewan.



Eric Cline
Minister of Finance



W. Davern Jones
Deputy Minister of Finance



Terry Paton
Provincial Comptroller

Regina, Saskatchewan
August, 1998

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

These financial statements report transactions and events of the General Revenue Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the General Revenue Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.

Volume 1 of the Public Accounts includes a more complete set of financial statements. Those statements are called the *Summary Financial Statements* of the Government of Saskatchewan. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.

I have audited the statement of financial assets, liabilities, and accumulated deficit of the General Revenue Fund as at March 31, 1998 and the statements of revenue, expenditure, and accumulated deficit and operating, investing and financing activities for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Reservation

The Fund is responsible for the liabilities of several pension funds. Note 6 indicates those pension liabilities are not recorded in these financial statements. In my opinion, pension liabilities should be recorded in the financial statements. Had pension liabilities been recorded, liabilities and accumulated deficit would increase by \$3,672 million (1997 - \$3,530 million) and expenditures would increase and surplus for the year would decrease by \$142 million (1997 - \$102 million).

Opinion

In my opinion, except for the effects of the failure to record pension liabilities as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the General Revenue Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for the public sector recommended by The Canadian Institute of Chartered Accountants.

Regina, Saskatchewan
July 3, 1998



Wayne Streliaff, CA
Provincial Auditor

General Revenue Fund

Statement of Financial Assets, Liabilities, and Accumulated Deficit

As at March 31, 1998

| | | (thousands of dollars) | |
|-------------------------------|---|------------------------|-----------------------|
| Schedule | | 1998 | 1997 |
| Financial Assets | | | |
| | Cash and temporary investments (note 3)..... | \$ 256,260 | \$ 337,688 |
| | Prepaid expenditures..... | 2,096 | 2,080 |
| 1 | Accounts receivable..... | 303,108 | 368,109 |
| | Agricultural land held for resale (note 4)..... | 117,044 | 118,231 |
| | Deferred charges..... | 46,915 | 57,679 |
| | Deferred foreign exchange loss..... | 139,849 | 110,696 |
| 2 | Loans to Crown corporations..... | 3,681,745 | 4,188,536 |
| 3 | Other loans | 48,254 | 181,501 |
| | Equity investment in Crown Investments Corporation of Saskatchewan..... | 1,447,452 | 1,447,452 |
| Total Financial Assets | | 6,042,723 | 6,811,972 |
| Liabilities | | | |
| 4 | Accounts payable and accrued liabilities | 926,509 | 1,016,771 |
| 5 | Deposits held..... | 671,243 | 659,590 |
| | Unearned revenue..... | 71,116 | 64,793 |
| 6,7&8 | Debt..... | 11,553,746 | 12,285,921 |
| Total Liabilities | | 13,222,614 | 14,027,075 |
| Accumulated Deficit | | \$ (7,179,891) | \$ (7,215,103) |

(See accompanying notes)

- Tangible capital assets (note 5)
- Pension liabilities, contingencies, and commitments (notes 6, 10, 11)
- 9 Guaranteed debt

General Revenue Fund

Statement of Revenue, Expenditure, and Accumulated Deficit

For the Year Ended March 31, 1998

(thousands of dollars)

| Schedule | Budget 1998 | Actual 1998 | Actual 1997 |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | | | |
| 10 Taxation..... | \$ 2,949,100 | \$ 3,114,623 | \$ 3,121,464 |
| 10 Non-renewable resources | 752,700 | 781,460 | 907,644 |
| 10 Transfers from Government entities..... | 456,600 | 417,794 | 425,937 |
| 10 Other own-source revenue..... | 265,000 | 295,467 | 287,649 |
| 10 Transfers from the federal government | 650,000 | 553,119 | 760,545 |
| Total Revenue | 5,073,400 | 5,162,463 | 5,503,239 |
| Expenditure | | | |
| Agriculture and Food..... | 214,000 | 203,819 | 326,148 |
| Economic and Co-operative Development..... | 41,037 | 43,160 | 38,862 |
| Education..... | 549,714 | 543,663 | 541,317 |
| Energy and Mines..... | 15,784 | 16,100 | 14,881 |
| Environment and Resource Management..... | 92,895 | 97,823 | 101,924 |
| Executive Council..... | 7,410 | 7,394 | 7,284 |
| Finance | 169,290 | 167,159 | 160,432 |
| Finance - Servicing the Debt (note 8)..... | 765,000 | 754,598 | 794,150 |
| Health..... | 1,632,610 | 1,677,217 | 1,608,005 |
| Highways and Transportation..... | 198,811 | 212,888 | 170,222 |
| Indian and Metis Affairs Secretariat | 26,134 | 26,086 | 25,664 |
| Intergovernmental and Aboriginal Affairs..... | 4,563 | 4,919 | 3,886 |
| Justice..... | 190,030 | 197,078 | 185,425 |
| Labour..... | 9,373 | 9,226 | 8,982 |
| Legislation..... | 16,491 | 15,851 | 15,294 |
| Municipal Government..... | 172,447 | 181,647 | 185,179 |
| Post-Secondary Education and Skills Training..... | 386,139 | 386,133 | 344,844 |
| Provincial Auditor..... | 4,220 | 4,220 | 4,288 |
| Public Service Commission..... | 7,714 | 8,255 | 7,225 |
| Saskatchewan Municipal Board..... | 1,193 | 964 | 917 |
| Saskatchewan Property Management Corporation..... | 18,554 | 18,854 | 10,554 |
| Saskatchewan Research Council..... | 7,956 | 7,956 | 9,529 |
| Saskatchewan Water Corporation..... | 4,888 | 4,888 | 4,956 |
| Social Services..... | 511,611 | 535,968 | 525,420 |
| Women's Secretariat..... | 1,403 | 1,385 | 901 |
| Total Expenditure (note 9) | 5,049,267 | 5,127,251 | 5,096,289 |
| Surplus for the Year..... | 24,133 | 35,212 | 406,950 |
| Accumulated deficit, beginning of year..... | (7,215,103) | (7,215,103) | (7,622,053) |
| Accumulated Deficit, End of Year (note 7) | \$ (7,190,970) | \$ (7,179,891) | \$ (7,215,103) |

(See accompanying notes)

General Revenue Fund

Statement of Operating, Investing, and Financing Activities

For the Year Ended March 31, 1998

| | | (thousands of dollars) | |
|--|--|------------------------|---------------------|
| Schedule | | 1998 | 1997 |
| Operating Activities | | | |
| | Surplus for the year..... | \$ 35,212 | \$ 406,950 |
| | Add (deduct) non-cash items | | |
| | Amortization of foreign exchange gains and losses..... | 3,954 | (6,044) |
| 11 | Loss on loans and investments..... | 524 | 436 |
| 12 | Net change in non-cash operating activities | (8,305) | 13,055 |
| | Earnings retained in sinking funds..... | (24,094) | (14,944) |
| Cash Provided by Operating Activities | | 7,291 | 399,453 |
| Investing Activities | | | |
| 13 | Loan Advances..... | (130,714) | (161,800) |
| 13 | Loan Repayments..... | 553,968 | 738,504 |
| 13 | Sinking funds' contributions received from Crown corporations..... | 234,667 | 267,461 |
| 13 | Contributions made to sinking funds..... | (275,932) | (307,825) |
| 13 | Other..... | 930 | 1,990 |
| Cash Provided by Investing Activities | | 382,919 | 538,330 |
| Cash Provided by Operating and Investing Activities | | \$ 390,210 | \$ 937,783 |
| Financing Activities | | | |
| | Proceeds from debt..... | \$ 486,153 | \$ 465,817 |
| | Repayment of debt..... | (969,444) | (1,485,204) |
| Net Repayment of Debt..... | | (483,291) | (1,019,387) |
| | Increase in deposits held..... | 11,653 | 341,850 |
| | Decrease (Increase) in cash and temporary investments..... | 81,428 | (260,246) |
| Cash Used for Financing Activities | | \$ (390,210) | \$ (937,783) |
| Cash and Temporary Investments | | | |
| | Cash and temporary investments, beginning of year | \$ 337,688 | \$ 77,442 |
| | (Decrease) Increase in cash and temporary investments..... | (81,428) | 260,246 |
| Cash and Temporary Investments, End of Year | | \$ 256,260 | \$ 337,688 |

(See accompanying notes)

General Revenue Fund

Notes to the Financial Statements

For the Year Ended March 31, 1998

1. Significant Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting policies:

a) Reporting entity

The General Revenue Fund is the general fund which receives all revenues unless otherwise specified by law. Spending from the General Revenue Fund is appropriated by the Legislative Assembly.

These statements do not account for all financial affairs of the Saskatchewan Government. Other government entities such as special purpose funds, Crown corporations, and other agencies, report separately in other financial statements. Only financial transactions to or from these other entities are included in the General Revenue Fund. The net expenditures/recoveries for revolving funds' operations are charged to expenditure.

The Government's summary financial statements which include the financial activities of the General Revenue Fund and other government entities (special purpose funds, Crown corporations, and other agencies) are provided separately.

b) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

Revenue

Revenues are recorded on the accrual basis except for payments from the federal government for corporate and personal income taxes, which are recorded on the cash basis.

Expenditure

Expenditures are recorded on the accrual basis and include the cost of tangible capital assets and inventories of supplies received during the year.

Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Temporary investments are recorded at the lower of cost or market.

Agricultural land held for resale is valued at the lower of cost or net realizable value, on an aggregate basis.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of long-term debt. They are recorded at cost and amortized on a straight line basis over the remaining life of the debt issue.

Deferred foreign exchange loss includes unrealized foreign exchange gains and losses resulting from conversion of foreign debt, issued for general government purposes, to the Canadian dollar equivalent at March 31. Unrealized foreign exchange gains and losses are amortized on a straight line basis over the remaining life of the debt issue. Realized foreign exchange gains or losses, on debt issued for general government purposes, are included in servicing the debt.

Loans to Crown corporations and *Other loans* generally have fixed repayment terms and are interest bearing. Short-term loans to Crown corporations are recorded at par; all other loans are recorded at cost. Interest received on these loans is netted against interest paid on money borrowed for these loans.

Equity investment in Crown Investments Corporation of Saskatchewan is an advance to the corporation to form its equity capitalization and is recorded at cost.

Where there has been a loss in value that is other than a temporary decline, loans and equity investments are written down to recognize the loss.

Tangible capital assets are recorded as an expenditure in the period acquired.

Liabilities

Reported liabilities include obligations to outside organizations and individuals as a result of transactions and events occurring prior to year end. They are the result of financial obligations to repay borrowings or to pay for goods and services acquired prior to year end, and of revenue, received or receivable, where goods or services will be delivered in the future.

General Revenue Fund

Notes to the Financial Statements

Unearned revenue consists mainly of revenue for Crown mineral leases and motor vehicle fees that will be earned in a subsequent fiscal year.

Debt is issued for general government purposes and for Crown corporations. All debt is recorded at par.

Premiums, discounts, and issue costs incurred on debt issued for general government purposes are recorded as deferred charges and amortized on a straight line basis over the remaining life of the debt issue.

Foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. The General Revenue Fund is reimbursed by Crown corporations for all sinking fund contributions made on debt incurred on their behalf. Premiums and discounts on long-term investments within the sinking fund are amortized by the type of security on a constant yield basis.

Interest, discounts, premiums and commissions on money borrowed for Crown corporations and others are netted against reimbursements by these entities.

Pension liabilities are not recorded in the financial statements. The General Revenue Fund accounts for pension payments on a cash basis.

Guaranteed debt includes guarantees of the Government made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents Government's best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of non-renewable resource royalties, and the federal government's Equalization and the Canada Health and Social Transfer. The uncertainty arises from factors such as price and production sensitivities in the royalty structures, and the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country. Management considers that it is reasonably possible that changes in future conditions in the near term could require a material change in the amounts recognized. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

3. Cash and Temporary Investments

The market value of cash and temporary investments is \$256.5 million (1997 - \$337.9 million). Temporary investments are generally for less than 30 days, and have an average effective interest rate of 4.79%.

4. Agricultural Land Held For Resale

The estimated net realizable value of the agricultural land held for resale at March 31, 1998 is \$227.8 million (1997 - \$217.1 million).

5. Tangible Capital Assets

Tangible capital assets are recorded as an expenditure in the year acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. These assets are a key component in the delivery of government programs and provide on-going value to the public.

Tangible capital assets are valued at historical cost. All costs directly attributable to the acquisition, construction, development or betterment of the tangible capital assets are included.

Amortization is calculated using the straight line method based on the estimated useful life of each asset.

During the current year, the entity acquired tangible capital assets costing \$17.8 million (1997 - \$18.6 million). The net book value of \$29.5 million (1997 - \$24.9 million) represents the cost of tangible capital assets less an estimate of the portion of the assets used in the delivery of services.

The Saskatchewan Property Management Corporation (SPMC) also acquires tangible capital assets for use by the entity in its day to day operations. SPMC manages most of the buildings and land used by the entity in the provision of services to the public. These assets are reported separately in the financial statements of SPMC.

General Revenue Fund

Notes to the Financial Statements

| (thousands of dollars) | | | | | | | |
|---|--------------------------|----------------------|----------------------|------------------------------------|---------------------------------|-----------|---------------------|
| | 1998 | | | | | | 1997 |
| | Machinery & Equipment | Computer Hardware | Computer Software | Office Furniture & Equipment | Other | Total | Total (Restated) |
| <i>Estimated useful life</i> | <i>10 years</i> | <i>3 years</i> | <i>3 years</i> | <i>5-10 years</i> | <i>5 years - Indefinite</i> | | |
| Opening cost | \$ 12,243 | \$ 14,188 | \$ 3,817 | \$ 3,144 | \$ 8,583 | \$ 41,975 | \$ 34,415 |
| Additions | 1,221 | 11,642 | 2,974 | 1,858 | 75 | 17,770 | 18,624 |
| Disposals | (1,060) | (7,142) | (1,677) | (420) | (104) | (10,403) | (11,064) |
| Closing cost of tangible capital assets | 12,404 | 18,688 | 5,114 | 4,582 | 8,554 | 49,342 | 41,975 |
| Opening accumulated amortization | 5,346 | 7,424 | 1,888 | 1,352 | 1,034 | 17,044 | 16,567 |
| Annual amortization | 1,298 | 6,989 | 1,953 | 713 | 617 | 11,570 | 10,216 |
| Write-downs | — | — | — | — | — | — | (1,539) |
| Disposals | (1,001) | (5,891) | (1,407) | (399) | (99) | (8,797) | (8,200) |
| Closing accumulated amortization | 5,643 | 8,522 | 2,434 | 1,666 | 1,552 | 19,817 | 17,044 |
| Net Book Value of Tangible Capital Assets | \$ 6,761 | \$ 10,166 | \$ 2,680 | \$ 2,916 | \$ 7,002 | \$ 29,525 | \$ 24,931 |

Reporting policies are currently being developed, and information gathered, for other tangible capital assets such as computer system development costs.

6. Pension Liabilities

The Government of Saskatchewan sponsors several defined benefit and defined contribution pension plans for a significant number of its employees and for members of the Legislative Assembly.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

Defined benefit pension plans

Defined benefit pension plans provide benefits based on length of service and pensionable earnings. A typical defined benefit pension plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their pension plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

The two main plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Members of the Legislative Assembly Superannuation Plan (MLA), Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Public Employees (Government Contributory) Annuity Fund, which continues July 1, 1997 as the Saskatchewan Pension Annuity Fund, an annuity underwriting operation.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. The long-term inflation rate is estimated at 4.0 per cent, other estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a five year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

The TSP provides inflation protection equal to 80 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP. PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP are paid from the General Revenue Fund.

General Revenue Fund

Notes to the Financial Statements

Information on the defined benefit pension plans follows:

| | 1998 | | | | 1997 |
|--|------------|------------------------|------------------------|------------|------------|
| | TSP | PSSP | All Others | Total | Total |
| Plan status | closed | closed | closed ¹ | n/a | n/a |
| Member contribution rate, percentage of salary | 7.85 | 7.0 - 9.0 ² | 5.0 - 9.0 ² | n/a | n/a |
| Number of active members | 8,094 | 2,490 | 101 | 10,685 | 10,903 |
| Average age of active members, years | 46.8 | 49.5 | 53.2 | 47.5 | 47.3 |
| Former members entitled to deferred pension benefits | 18,926 | 154 | 12 | 19,092 | 19,018 |
| Number of superannuates and surviving spouses | 8,105 | 5,874 | 1,606 | 15,585 | 15,541 |
| Member contributions (thousands of dollars) | \$ 21,361 | \$ 6,787 | \$ 362 | \$ 28,510 | \$ 32,272 |
| Government contributions (thousands of dollars) | \$ 102,639 | \$ — | \$ 3,333 | \$ 105,972 | \$ 115,168 |
| Benefits paid (thousands of dollars) | \$ 178,163 | \$ 86,913 | \$ 5,695 | \$ 270,771 | \$ 253,886 |

¹Judges is open to new membership, all other plans are closed.

²Contribution rate varies based on age.

Based on the latest actuarial valuation, extrapolated to March 31, 1998, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

| (thousands of dollars) | | | | | | | |
|------------------------|--------------------------|----------------------------|---------------------|----------------|---|---------------------|---------------------|
| | | | | 1998 | | 1997 | |
| Plan Name | Actuarial Valuation Date | Accrued Benefit Obligation | Pension Fund Assets | Net Obligation | Unamortized Estimation Adjustments ¹ | Pension Liabilities | Pension Liabilities |
| TSP ² | Jun. 30/95 | \$ 3,596,000 | \$ 1,286,000 | \$ 2,310,000 | \$ 107,285 | \$ 2,417,285 | \$ 2,301,639 |
| PSSP | Dec. 31/96 | 1,266,632 | — | 1,266,632 | (71,636) | 1,194,996 | 1,174,690 |
| Others | Various | 150,045 | 87,383 | 62,662 | (2,683) | 59,979 | 53,880 |
| Total | | \$ 5,012,677 | \$ 1,373,383 | \$ 3,639,294 | \$ 32,966 | \$ 3,672,260 | \$ 3,530,209 |

¹Amortized to income over 3 to 13 years (1997, 3 to 13 years), the estimated average remaining service life of active plan members at the time the estimation adjustment arises.

²The TSP accrued benefit obligation includes a liability of \$60.0 million (1997 - \$60.0 million) relating to the TSP disability provision.

At March 31, 1998 the market value of plan investments was \$1.82 billion (1997 - \$1.48 billion). Of this amount, 48.4% (1997 - 48.3%), was invested in fixed income securities and 47.2% (1997 - 46.5%) in equity investments.

Defined contribution pension plans

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary.

The Government sponsors the Public Employees (Government Contributory) Superannuation Plan which continues July 1, 1997 as the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Employers are required to match employee current service contributions to this plan. The General Revenue Fund has fully funded its share. The General Revenue Fund also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation.

Information on the defined contribution pension plans to which the General Revenue Fund contributes follows:

| | 1998 | | | 1997 |
|---|-----------|-----------|-----------|-----------|
| | PEPP | STRP | Total | Total |
| Plan status | open | n/a | n/a | n/a |
| Member contribution rate, percentage of salary | 5.0 | n/a | n/a | n/a |
| Number of active members, all employers | 21,742 | n/a | 21,742 | 19,128 |
| Information related to General Revenue Fund employees: | | | | |
| Number of active members | 9,859 | n/a | 9,859 | 8,588 |
| Number of inactive members | 3,711 | n/a | 3,711 | 3,603 |
| Member contributions (thousands of dollars) | \$ 14,639 | n/a | \$ 14,639 | \$ 15,322 |
| Government contributions (thousands of dollars) | \$ 13,831 | \$ 16,568 | \$ 30,399 | \$ 30,419 |

General Revenue Fund

Notes to the Financial Statements

Pension expenditure

The entity accounts for pensions on a cash basis. The pension liabilities are not recorded in the financial statements.

7. Reserves

The accumulated deficit of \$7,179.9 million consists of an unallocated deficit component of \$7,191.8 million and the Environmental Protection Reserve of \$11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

8. Debt Servicing Costs

| | (thousands of dollars) | |
|---|------------------------|--------------|
| | 1998 | 1997 |
| Total interest costs | \$ 1,197,985 | \$ 1,286,644 |
| Less interest reimbursed from Crown corporations and others | (457,542) | (499,441) |
| Other costs | 14,155 | 6,947 |
| Total Debt Servicing Costs | \$ 754,598 | \$ 794,150 |

9. Expenditures by Function and by Object

Expenditures by function are reported as follows:

| | (thousands of dollars) | |
|------------------------------------|------------------------|--------------|
| | 1998 | 1997 |
| Agriculture | \$ 195,635 | \$ 321,696 |
| Community development | 128,871 | 120,425 |
| Debt servicing costs | 754,598 | 794,150 |
| Economic development | 62,178 | 64,205 |
| Education | 917,210 | 881,626 |
| Environment and natural resources | 105,174 | 105,220 |
| Health | 1,677,217 | 1,608,005 |
| Protection of persons and property | 200,259 | 188,100 |
| Social services and assistance | 599,708 | 587,288 |
| Transportation | 253,721 | 210,677 |
| Other | 232,680 | 214,897 |
| Total Expenditures | \$ 5,127,251 | \$ 5,096,289 |

Expenditures by object are reported as follows:

| | (thousands of dollars) | |
|----------------------|------------------------|-------------|
| | 1998 | 1997 |
| | | (Restated) |
| Personal services | \$ 386,304 | \$ 376,056 |
| Travel | 34,102 | 31,121 |
| Transfers: | | |
| Government entities | 1,061,552 | 1,091,161 |
| Other | 2,200,112 | 2,189,586 |
| Supplier payments | 524,482 | 467,243 |
| Other | 166,101 | 146,972 |
| Debt servicing costs | 754,598 | 794,150 |
| Total Expenditures | \$ 5,127,251 | \$5,096,289 |

General Revenue Fund

Notes to the Financial Statements

10. Contingencies

a) Guaranteed debt

At March 31, 1998, \$496.1 million (1997 - \$576.7 million) in loans were guaranteed by the Minister of Finance. Schedule 9 provides a listing of guaranteed debt.

b) Lawsuits

Up to \$91.5 million may be paid, depending on the outcome of lawsuits in progress.

c) Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and believes they are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether or not the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

11. Commitments

Major financial commitments include:

- treaty land entitlement agreement commitments valued at approximately \$138.6 million over ten years; rural municipality and school division tax loss compensation of approximately \$17.7 million as land transfers achieve reserve status over the course of the agreements;
- support for animal health related research, \$2.1 million over three years;
- research and development projects for new agriculture technology and opportunities in the agri-food industry, \$20.2 million over the next five years;
- Weyerhaeuser Canada Ltd. agreement for road maintenance and construction, term indefinite, five year estimate of commitment, \$26.1 million;
- Mistik Management agreement for road reconstruction, term indefinite, five year estimate of commitment, \$13.8 million;
- capital grant projects, over the next three years, \$35.0 million;
- contracts for highway improvement, \$39.3 million;
- computer service agreements, \$15.9 million over four years;
- contract with the University of Saskatchewan to provide medical services for northern communities, \$27.0 million over seven years;
- contract to administer and deliver the youth futures pilot project in Prince Albert, \$1.4 million.

Included are commitments for agriculture \$20.2 million, health \$62.0 million, transportation \$79.2 million, community development \$156.3 million, and other \$19.4 million.

12. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, agencies, boards, and commissions related to the General Revenue Fund by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

Payments to related parties, made from the entity during the year, include approximately \$89.0 million (1997 - \$88.6 million) to Saskatchewan Property Management Corporation and \$17.3 million (1997 - \$16.4 million) to Saskatchewan Telecommunications Holding Corporation.

The entity received taxation and non-renewable resource revenue from related parties during 1997-98 of approximately \$42.8 million (1997 - \$42.7 million). In addition, Saskatchewan Education and Health Tax and Fuel Tax are received from related parties on all taxable purchases.

General Revenue Fund

Notes to the Financial Statements

Other transactions with related parties and amounts due to or from them are described separately in these financial statements.

13. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are not owned by the Government and the Government has no equity in the funds. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the General Revenue Fund at March 31, 1998, were as follows:

| | (thousands of dollars) | |
|---|------------------------|--------------------|
| | 1998 | 1997 (Restated) |
| Superannuation funds and pension plans ¹ | \$ 4,576,774 | \$ 3,886,611 |
| Public Trustee's Trust Account | 131,704 | 115,662 |
| Other trusts | 24,290 | 22,591 |
| Total | \$ 4,732,768 | \$ 4,024,864 |

¹The balance reflects the latest financial statements of the funds and plans closest to March 31, 1998.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The Government may experience the effects of the Year 2000 Issue before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations.

The Government is working to mitigate any potential effects that may be experienced in critical business systems due to the Year 2000 Issue. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved. However, any potential costs associated with modifying computer systems for the year 2000 are not expected to have a material adverse affect on the Government's financial condition.

15. Comparative Figures

Certain of the 1997 figures have been reclassified to conform with the current year presentation. With regard to expenditures, the figures are reported on the same basis as the Estimates for the prior year.

16. Debt Reduction Account

This account was established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

| | (thousands of dollars) | |
|---|------------------------|------------|
| | Budget | Actual |
| Debt reduction account, beginning of year | \$ 425,398 | \$ 425,398 |
| Reduction in accumulated deficit for the year | 24,133 | 35,212 |
| Debt Reduction Account, End of Year | \$ 449,531 | \$ 460,610 |

General Revenue Fund

Schedules to the Financial Statements

For the Year Ended March 31, 1998

Schedule 1 - Accounts Receivable

| | (thousands of dollars) | |
|--|------------------------|-------------------|
| | 1998 | 1997 |
| Taxation | \$ 139,121 | \$ 143,137 |
| Non-renewable resources..... | 64,838 | 130,139 |
| Transfers from Government entities..... | 12,985 | 7,158 |
| Other own-source revenue..... | 53,657 | 53,037 |
| Transfers from the federal government..... | 36,413 | 32,755 |
| Other accounts receivable..... | 31,042 | 26,402 |
| | 338,056 | 392,628 |
| Less: Provisions for losses..... | 34,948 | 24,519 |
| Total Accounts Receivable | \$ 303,108 | \$ 368,109 |

Receivables include \$4.1 million due from related parties (1997 - \$3.3 million).

Schedule 2 - Loans to Crown Corporations

| | (thousands of dollars) | |
|--|------------------------|----------------|
| | 1998 | 1997 |
| Short-term Loans | | |
| Saskatchewan Opportunities Corporation..... | \$ 16,084 | \$ 40,833 |
| Saskatchewan Telecommunications Holding Corporation..... | 34,700 | 20,000 |
| SaskEnergy Incorporated..... | - | 54,400 |
| Total Short-term Loans | 50,784 | 115,233 |

| | Principal Outstanding | Less Sinking Fund Equity | | |
|--|--------------------------|-----------------------------|---------------------|---------------------|
| Long-term Loans | | | | |
| Agricultural Credit Corporation of Saskatchewan..... | \$ 270,208 | \$ 145,474 | 124,734 | 210,464 |
| Crown Investments Corporation of Saskatchewan..... | 669,602 | 307,774 | 361,828 | 570,305 |
| Municipal Financing Corporation of Saskatchewan..... | 79,667 | - | 79,667 | 79,667 |
| Saskatchewan Housing Corporation..... | 202,818 | - | 202,818 | 263,819 |
| Saskatchewan Opportunities Corporation..... | 72,600 | - | 72,600 | 27,600 |
| Saskatchewan Power Corporation..... | 1,976,737 | 234,434 | 1,742,303 | 1,901,449 |
| Saskatchewan Telecommunications Holding Corporation..... | 397,661 | 89,805 | 307,856 | 327,839 |
| Saskatchewan Water Corporation..... | 41,293 | 1,463 | 39,830 | 40,991 |
| SaskEnergy Incorporated..... | 733,150 | 33,825 | 699,325 | 651,169 |
| Total Long-term Loans | \$ 4,443,736 | \$ 812,775 | 3,630,961 | 4,073,303 |
| Total Loans to Crown Corporations | | | \$ 3,681,745 | \$ 4,188,536 |

General Revenue Fund

Schedules to the Financial Statements

Schedule 3 - Other Loans

(thousands of dollars)

| | 1998 | 1997 |
|---|------------------|-------------------|
| Agriculture and Food | | |
| Agri-Food Equity Fund..... | \$ 4,913 | \$ - |
| Crop Sector Companion Program..... | - | 106,245 |
| Economic and Co-operative Development | | |
| Community Bonds..... | - | 1,373 |
| Economic Development Loans..... | \$ 7,442 | \$ 7,788 |
| Less: Provision for Loss..... | 4,559 | 4,928 |
| Hudson Bay Mining and Smelting Co. Ltd..... | 3,900 | 7,799 |
| Northern Economic Development..... | 2,863 | 1,733 |
| Less: Provision for Loss..... | 628 | 214 |
| Small Business Loans Association..... | 4,911 | 5,477 |
| Less: Provision for Loss..... | 1,250 | 1,463 |
| Finance | | |
| Treasury Advances..... | 3,779 | 1,160 |
| Municipal Government | | |
| Agricultural Service Centres Agreement - Shareable..... | 705 | 989 |
| Post-Secondary Education and Skills Training | | |
| Saskatchewan Student Aid Fund | 24,182 | 52,712 |
| Saskatchewan Municipal Board | | |
| Municipalities - Union Hospital Debt..... | 1,425 | 2,194 |
| Other..... | 571 | 636 |
| Total Other Loans | \$ 48,254 | \$ 181,501 |

General Revenue Fund

Schedules to the Financial Statements

Schedule 4 - Accounts Payable and Accrued Liabilities

| (thousands of dollars) | | | |
|---|-------------------|-----------|------------------|
| | 1998 | | 1997 |
| Personal services..... | \$ 48,595 | \$ | 45,651 |
| Travel..... | 3,673 | | 3,276 |
| Transfers..... | 319,244 | | 374,996 |
| Supplier payments..... | 79,438 | | 66,005 |
| Accrued interest | 235,684 | | 257,505 |
| Transfers payable to the federal government..... | 127,314 | | 168,526 |
| Other accounts payable and accrued liabilities..... | 112,561 | | 100,812 |
| Total Accounts Payable and Accrued Liabilities | \$ 926,509 | \$ | 1,016,771 |

Total includes \$48.7 million payable to related parties (1997 - \$76.2 million) and \$144.1 million payable to the federal government (1997 - \$176.7 million).

Schedule 5 - Deposits Held

| (thousands of dollars) | | | |
|--|-------------------|-----------|----------------|
| | 1998 | | 1997 |
| Deposits held on behalf of Government entities and others | | | |
| Agri-Food Innovation Fund..... | \$ 20,260 | \$ | 38,166 |
| Beef Development Board..... | 1,659 | | 1,848 |
| Cattle Marketing Deductions Fund..... | 1,327 | | 1,157 |
| District Health Boards..... | 61 | | 3,624 |
| Fish and Wildlife Development Fund..... | 1,244 | | 2,907 |
| Liquor and Gaming Authority..... | 386,206 | | 450,509 |
| New Careers Corporation..... | 2,368 | | 5,537 |
| New Crops Insurance Program..... | 5,106 | | - |
| Oil and Gas Environmental Fund..... | 2,265 | | 2,182 |
| Public Employees Dental Fund | 1,670 | | 635 |
| Public Employees Pension Plan..... | 2,545 | | 2,247 |
| Public Trustee's Trust Account..... | 1,707 | | 2,466 |
| Queen's Bench Court Accounts..... | 5,908 | | 6,348 |
| Saskatchewan Crop Insurance Corporation..... | 151,597 | | 72,051 |
| Saskatchewan Grain Car Corporation..... | 6,411 | | 5,775 |
| Saskatchewan Health Information Network..... | 16,350 | | - |
| Saskatchewan Student Aid Fund - General..... | 36,106 | | 18,302 |
| - Lender Financing Transfer Account..... | 11,541 | | 21,484 |
| School Division Tax Loss Compensation Fund..... | 1,129 | | 760 |
| Other..... | 11,023 | | 11,511 |
| Conditional Receipts..... | 4,760 | | 12,081 |
| Total Deposits Held | \$ 671,243 | \$ | 659,590 |

General Revenue Fund

Schedules to the Financial Statements

Schedule 6 - Debt

| (thousands of dollars) | | | | | |
|---|---------------------|----------------------|---------------------------------------|----------------------|----------------------|
| 1998 | | | | | 1997 |
| | Promissory Notes | Debentures | Less Sinking Funds ¹ | Debt | Debt |
| Crown Corporation Purposes | | | | | |
| Agricultural Credit Corporation | | | | | |
| of Saskatchewan..... | \$ - | \$ 270,208 | \$ 145,474 | \$ 124,734 | \$ 210,464 |
| Crown Investments Corporation | | | | | |
| of Saskatchewan..... | - | 669,602 | 307,774 | 361,828 | 570,305 |
| Municipal Financing Corporation | | | | | |
| of Saskatchewan..... | - | 79,667 | - | 79,667 | 79,667 |
| Saskatchewan Housing Corporation..... | - | 202,818 | - | 202,818 | 263,819 |
| Saskatchewan Opportunities Corporation..... | 43,684 | 45,000 | - | 88,684 | 68,433 |
| Saskatchewan Power Corporation..... | - | 1,976,737 | 234,434 | 1,742,303 | 1,901,449 |
| Saskatchewan Telecommunications | | | | | |
| Holding Corporation..... | 34,700 | 397,661 | 89,805 | 342,556 | 347,839 |
| Saskatchewan Water Corporation..... | - | 41,293 | 1,463 | 39,830 | 40,991 |
| SaskEnergy Incorporated..... | - | 733,150 | 33,825 | 699,325 | 705,569 |
| Total Crown Corporation Purposes | 78,384 | 4,416,136 | 812,775 | 3,681,745 | 4,188,536 |
| General Government Purposes | 85,176 | 8,049,299 | 262,474 | 7,872,001 | 8,097,385 |
| Debt² | \$ 163,560 | \$ 12,465,435 | \$ 1,075,249 | \$ 11,553,746 | \$ 12,285,921 |

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

¹ See Schedule 7 for information on sinking funds.

² See Schedule 8 for information on debt by maturity.

General Revenue Fund

Schedules to the Financial Statements

Schedule 7 - Sinking Funds

| | (thousands of dollars) | | | | |
|--|------------------------|-------------------|------------------|------------------|---------------------|
| | 1997 | 1998 | | | |
| | Sinking Funds | Contributions | Earnings | Less Redemptions | Sinking Funds |
| Crown Corporation Purposes | | | | | |
| Agricultural Credit Corporation of Saskatchewan..... | \$ 59,744 | \$ 80,100 | \$ 5,630 | \$ - | \$ 145,474 |
| Crown Investments Corporation of Saskatchewan..... | 188,129 | 119,780 | 15,060 | 15,195 | 307,774 |
| Saskatchewan Power Corporation..... | 207,629 | 27,288 | 22,445 | 22,928 | 234,434 |
| Saskatchewan Telecommunications Holding Corporation..... | 88,745 | 3,165 | 9,229 | 11,334 | 89,805 |
| Saskatchewan Water Corporation..... | 1,839 | 605 | 156 | 1,137 | 1,463 |
| SaskEnergy Incorporated..... | 26,981 | 3,729 | 3,115 | - | 33,825 |
| Total Crown Corporation Purposes | 573,067 | 234,667 | 55,635 | 50,594 | 812,775 |
| General Government Purposes | 197,115 | 41,265 | 24,094 | - | 262,474 |
| Total Sinking Funds | \$ 770,182 | \$ 275,932 | \$ 79,729 | \$ 50,594 | \$ 1,075,249 |

The market value of sinking funds at March 31, 1998 is \$1,153.7 million (1997 - \$814.1 million).

Sinking Fund earnings include gains on investment sales of \$14.7 million (1997- \$5.8 million).

The total sinking fund assets are disclosed net of \$2.7 million in liabilities (1997- \$1.7 million).

Annual contributions, when established by Order in Council, are set at not less than one per centum of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

| | (thousands of dollars) |
|----------------|-------------------------|
| 1998-99..... | \$ 58,642 |
| 1999-2000..... | 61,059 |
| 2000-01..... | 60,127 |
| 2001-02..... | 60,219 |
| 2002-03..... | 60,219 |
| | \$ 300,266 |

Sinking Fund assets are as follows:

| | (thousands of dollars) | |
|--|------------------------|-------------------|
| | 1998 | 1997 |
| Long-term Investments | | |
| Province of Saskatchewan securities, coupon interest range, 5.5% to 13.0%; range of term to maturity, .4 to 27.2 years..... | \$ 628,111 | \$ 406,375 |
| Government of Canada securities, coupon interest range, 5.0% to 11.75%; range of term to maturity, .65 to 25.3 years..... | 105,766 | 33,281 |
| Other provincial governments' securities, coupon interest range, 5.75% to 11.25%; range of term to maturity, 1.55 to 31 years..... | 193,978 | 131,946 |
| Corporate and municipal securities..... | - | 200 |
| Government of the United States securities, coupon interest rate, 6.875%; term to maturity 27.5 years..... | 1,490 | 6,246 |
| Other..... | 145,904 | 192,134 |
| Total Sinking Funds | \$ 1,075,249 | \$ 770,182 |

Included are U.S. dollar long-term investments converted to \$173.5 million Canadian (1997- \$115.6 million) at the exchange rate in effect at March 31, 1998, 1.4166 (March 31, 1997, 1.3843).

General Revenue Fund

Schedules to the Financial Statements

Schedule 8 - Debt by Maturity

(thousands of dollars)

| Year of Maturity | 1998 | | | | 1997 | |
|---------------------|----------------------------|----------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| | Canadian Dollar Debt | U. S. Dollar Debt (CDN \$) | Total (CDN \$) | Average Interest Rate | Total (CDN \$) | Average Interest Rate |
| 1997-98..... | \$ - | \$ - | \$ - | - | \$ 828,340 | 7.69% |
| 1998-99..... | 1,257,246 | - | 1,257,246 | 8.78% | 1,123,434 | 9.27% |
| 1999-2000..... | 1,228,810 | - | 1,228,810 | 8.43% | 1,283,552 | 8.48% |
| 2000-2001..... | 1,298,101 | - | 1,298,101 | 10.44% | 1,421,555 | 10.52% |
| 2001-2002..... | 896,070 | - | 896,070 | 7.31% | 937,640 | 8.41% |
| 2002-2003..... | 1,023,491 | - | 1,023,491 | 10.26% | - | - |
| 1 - 5 years | 5,703,718 | - | 5,703,718 | | 5,594,521 | |
| 6-10 years..... | 2,407,929 | 345,650 | 2,753,579 | 9.00% | 3,179,907 | 9.93% |
| 11-15 years..... | 1,015,925 | 566,640 | 1,582,565 | 10.60% | 1,098,058 | 9.24% |
| 16-20 years..... | 590,873 | 424,980 | 1,015,853 | 9.31% | 1,636,177 | 8.70% |
| 21-25 years..... | 265,000 | 1,133,280 | 1,398,280 | 9.10% | 957,150 | 9.37% |
| 26-30 years..... | 175,000 | - | 175,000 | 8.75% | 590,290 | 8.57% |
| | <u>\$ 10,158,445</u> | <u>\$ 2,470,550</u> | <u>12,628,995</u> | | <u>13,056,103</u> | |
| Less: Sinking funds | | | 1,075,249 | | 770,182 | |
| Debt | | | \$ 11,553,746 | | \$ 12,285,921 | |

The debentures in U.S. dollars have been converted to Canadian dollars at the exchange rate in effect at March 31, 1998 (1.4166) and March 31, 1997 (1.3843).

Debt includes Canada Pension Plan debentures of \$1,452.8 million (1997 - \$1,522.1 million) at a weighted average interest rate of 11.371 per cent, ranging from 9.04 per cent to 17.51 per cent. \$76.0 million (1997 - \$69.3 million) of this amount is payable within one year. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

Debt includes debentures of \$1,347.9 million (1997 - \$1,298.0 million) redeemable annually at the option of the holder or anytime on the death of the holder. \$55.1 million of this amount is payable within one year.

Included in debt are the following amounts:

- debentures totalling 22.5 billion yen (1997 - 27.5 billion) which have been fully hedged to \$259.2 million Canadian (1997 - \$305.0 million).
- debentures totalling 550.0 million U.S. dollars (1997 - 550.0 million) which have been fully hedged to \$744.9 million Canadian (1997 - \$744.9 million).
- debentures totalling 500.0 million Deutschemarks (1997 - 900.0 million) which have been fully hedged to \$374.9 million Canadian (1997 - \$616.6 million).
- debentures totalling 400.0 million Swiss francs (1997 - 650.0 million) which have been fully hedged to \$292.0 million Canadian (1997 - \$478.9 million).

General Revenue Fund

Schedules to the Financial Statements

Schedule 9 - Guaranteed Debt

| | (thousands of dollars) | |
|---|------------------------|-------------------|
| | 1998 | 1997 |
| Crown Corporations | | |
| The Municipal Financing Corporation Act | | |
| Guaranteed debentures..... | \$ 4,500 | \$ 8,000 |
| The Power Corporation Act | | |
| National Trust Company..... | 17,160 | 18,626 |
| Manalta Coal Ltd. | 30,768 | 32,685 |
| Saskatchewan Power savings bonds | | |
| Series I - series VII (matured)..... | 196 | 265 |
| The Saskatchewan Development Fund Act | | |
| Guaranteed investments..... | 2,141 | 2,390 |
| The Saskatchewan Telecommunications Act | | |
| Telebonds - series I (matured)..... | 222 | 270 |
| Telebonds - series II..... | 33,653 | 33,997 |
| Total Crown Corporations | 88,640 | 96,233 |
| Other | | |
| The Agricultural Societies Act | | |
| Loans to exhibition associations..... | 78 | 88 |
| The Community Bonds Act..... | 3,287 | 4,266 |
| The Department of Economic Development Act | | |
| Bridge City BMX Club Inc..... | - | 83 |
| The Farm Financial Stability Act | | |
| Breeder associations loan guarantees..... | 23,629 | 21,002 |
| Feeder associations loan guarantees..... | 10,097 | 18,941 |
| The Government Organization Act | | |
| The Saskatchewan Roughriders Football Club..... | 720 | 2,100 |
| The Housing and Special-care Homes Act | | |
| Senior citizens' housing..... | 326 | 441 |
| The Industry and Commerce Development Act | | |
| Saskferco Products Inc. | 199,361 | 236,662 |
| The NewGrade Energy Inc. Act | | |
| NewGrade Energy Inc. | 169,949 | 196,867 |
| Total Other | 407,447 | 480,450 |
| Total Guaranteed Debt | \$ 496,087 | \$ 576,683 |

In addition to the amount shown, there is a contingent liability for interest accrued on certain of these items.

Total guaranteed debt is net of a loss provision of \$0.6 million (1997 - \$4.6 million).

See page 29 for additional information.

General Revenue Fund Schedules to the Financial Statements

Schedule 9 (continued) - Guaranteed Debt

National Trust Company

The government is contingently liable for payments on certain leased mining equipment, which was assumed by the purchaser of a mining operation. The lease expires in 2004.

Manalta Coal

The Government has guaranteed a \$45 million promissory note issued by Manalta to finance the purchase of a dragline from Saskatchewan Power Corporation. The note is due in 2003. The amount recorded is net of \$14.2 million (1997 - \$12.3 million) for Manalta's equity in a sinking fund administered by the Minister of Finance.

Saskferco Products Inc.

The Government has guaranteed certain medium term notes issued by Saskferco to finance the construction of a nitrogen based fertilizer plant located near Belle Plaine. This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of \$98.1 million (1997 - \$54.0 million) for Saskferco's equity in a sinking fund.

NewGrade Energy Inc. (NewGrade)

The Government has guaranteed certain long-term debt of NewGrade to a maximum of \$360 million. A significant portion of this guarantee relates to U.S. dollar denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar.

General Revenue Fund

Schedules to the Financial Statements

Schedule 10 - Revenue

| | (thousands of dollars) | | |
|--|------------------------|---------------------|---------------------|
| | Budget 1998 | Actual 1998 | Actual 1997 |
| Taxation | | | |
| Corporation capital..... | \$ 260,000 | \$ 267,792 | \$ 242,304 |
| Corporation income..... | 241,000 | 217,116 | 231,620 |
| Fuel..... | 339,200 | 376,933 | 365,452 |
| Individual income..... | 1,270,800 | 1,327,582 | 1,277,191 |
| Sales..... | 673,200 | 753,043 | 840,962 |
| Tobacco..... | 118,100 | 123,631 | 116,869 |
| Other | 46,800 | 48,526 | 47,066 |
| Total Taxes | 2,949,100 | 3,114,623 | 3,121,464 |
| Non-renewable Resources | | | |
| Coal..... | 16,000 | 17,432 | 15,088 |
| Natural gas..... | 42,100 | 44,050 | 53,017 |
| Oil..... | 523,300 | 488,712 | 690,720 |
| Potash..... | 113,500 | 189,487 | 87,617 |
| Uranium..... | 55,600 | 38,493 | 57,946 |
| Other..... | 2,200 | 3,286 | 3,256 |
| Total Non-renewable Resources | 752,700 | 781,460 | 907,644 |
| Transfers from Government Entities | | | |
| Crown Investments Corporation of Saskatchewan..... | 50,000 | 50,000 | 50,000 |
| - Special Dividend related to sale of Cameco Corporation shares..... | - | - | 365,699 |
| Liquor and Gaming Authority..... | 394,400 | 350,000 | - |
| Other enterprises and funds..... | 12,200 | 17,794 | 10,238 |
| Total Transfers from Government Entities | 456,600 | 417,794 | 425,937 |
| Other Own-source Revenue | | | |
| Fines, forfeits, and penalties..... | 10,600 | 12,658 | 11,072 |
| Interest, premium, discount, and exchange..... | 21,100 | 30,986 | 22,065 |
| Motor vehicle fees..... | 94,000 | 98,754 | 94,606 |
| Other licences and permits..... | 34,800 | 37,894 | 42,065 |
| Sales, services, and service fees..... | 83,400 | 88,802 | 82,185 |
| Transfers from other governments..... | 6,300 | 5,798 | 8,622 |
| Other..... | 14,800 | 20,575 | 27,034 |
| Total Other Own-source Revenue | 265,000 | 295,467 | 287,649 |
| Total Own-Source Revenue | 4,423,400 | 4,609,344 | 4,742,694 |
| Transfers from the Federal Government | | | |
| Canada Health and Social Transfer..... | 421,000 | 446,361 | 485,860 |
| Equalization | 129,200 | 8,258 | 175,915 |
| Other | 99,800 | 98,500 | 98,770 |
| Total Transfers from the Federal Government | 650,000 | 553,119 | 760,545 |
| Total Revenue | \$ 5,073,400 | \$ 5,162,463 | \$ 5,503,239 |

General Revenue Fund

Schedules to the Financial Statements

Schedule 11 - Loss on Loans and Investments

| (thousands of dollars) | | | |
|--|-----------|------------|---------------|
| | | 1998 | 1997 |
| Other loans..... | \$ | 266 | \$ 358 |
| Loss on sale of land..... | | 258 | 78 |
| Total Loss on Loans and investments | \$ | 524 | \$ 436 |

Schedule 12 - Net Change in Non-cash Operating Activities

| (thousands of dollars) | | | |
|---|-----------|----------------|------------------|
| | | 1998 | 1997 |
| (Incease) Decrease in prepaid expenses..... | \$ | (16) | \$ 1,353 |
| Decrease in accounts receivable..... | | 65,001 | 68,594 |
| Decrease in deferred charges..... | | 10,764 | 6,396 |
| (Decrease) in accounts payable and accrued liabilities..... | | (90,377) | (69,011) |
| Increase in unearned revenue..... | | 6,323 | 5,723 |
| Net Change in Non-cash Operating Activities | \$ | (8,305) | \$ 13,055 |

General Revenue Fund Schedules to the Financial Statements

Schedule 13 - Investing Activities

| (thousands of dollars) | | | | |
|--|-------------------|----------------|------------------|----------------|
| | 1998 | | 1997 | |
| | Receipts | Disbursements | Receipts | Disbursements |
| Loans | | | | |
| Agricultural Credit Corporation of Saskatchewan..... \$ | - | \$ - | 22,548 | \$ - |
| Crown Investments Corporation of Saskatchewan..... | 88,832 | - | 35,000 | - |
| Saskatchewan Crop Insurance Corporation | - | - | 176,114 | 31,317 |
| Saskatchewan Housing Corporation..... | 61,001 | - | 23,485 | - |
| Saskatchewan Opportunities Corporation..... | 24,749 | 45,000 | - | 14,707 |
| Saskatchewan Power Corporation..... | 152,335 | - | 256,956 | - |
| Saskatchewan Telecommunications Holding Corporation..... | 22,153 | 14,700 | 104,262 | - |
| Saskatchewan Water Corporation..... | 1,537 | - | - | 20,000 |
| SaskEnergy Incorporated..... | 54,400 | 55,000 | 50,000 | 37,300 |
| Other..... | 148,961 | 16,014 | 70,139 | 58,476 |
| Total Loan Receipts and Disbursements | 553,968 | 130,714 | 738,504 | 161,800 |
| Sinking Funds Contributions | | | | |
| | 234,667 | 275,932 | 267,461 | 307,825 |
| Other | | | | |
| | 956 | 26 | 2,035 | 45 |
| Total Receipts and Disbursements | 789,591 | 406,672 | 1,008,000 | 469,670 |
| Net Receipts | \$ 382,919 | \$ | 538,330 | |

Summary Financial Statements

Government of Saskatchewan Responsibility for Summary Financial Statements

The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations, agencies, and other funds to prepare these statements.

The Provincial Auditor expresses an independent opinion on these statements. His report states the scope of his audit and opinion and appears on the following page.

Treasury Board approves the Summary Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.



Eric Cline
Minister of Finance



W. Davern Jones
Deputy Minister of Finance



Terry Paton
Provincial Comptroller

Regina, Saskatchewan
August, 1998

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the summary statement of financial assets, liabilities, and accumulated deficit of the Government of Saskatchewan as at March 31, 1998 and the summary statements of revenue, expenditure, and accumulated deficit and operating, investing and financing activities for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these summary financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for governments recommended by The Canadian Institute of Chartered Accountants.

Regina, Saskatchewan
July 3, 1998



Wayne Strelieff, CA
Provincial Auditor

Government of Saskatchewan**Summary Statement of Financial Assets, Liabilities, and Accumulated Deficit**

As at March 31, 1998

(thousands of dollars)

| Schedule | 1998 | 1997 |
|---|-----------------------|-----------------------|
| Financial Assets | | |
| Cash and temporary investments (note 2)..... | \$ 593,641 | \$ 514,796 |
| Prepaid expenditures..... | 23,412 | 24,133 |
| 1 Accounts receivable..... | 641,826 | 547,650 |
| Inventories held for resale..... | 18,430 | 17,516 |
| Land held for resale (note 4)..... | 123,210 | 124,743 |
| Deferred charges..... | 55,435 | 69,341 |
| Deferred foreign exchange loss..... | 139,849 | 110,696 |
| 2 Loans receivable..... | 185,310 | 395,652 |
| 3 Investment in government enterprises..... | 2,477,753 | 2,400,266 |
| 4 Other investments..... | 956,419 | 1,177,198 |
| Total Financial Assets | 5,215,285 | 5,381,991 |
| Liabilities | | |
| 5 Accounts payable and accrued liabilities..... | 1,265,086 | 1,343,603 |
| 6 Other liabilities..... | 415,584 | 484,985 |
| Unearned revenue..... | 115,557 | 97,117 |
| 7,8&9 Public debt..... | 8,718,446 | 9,265,517 |
| Pension liabilities (note 6)..... | 3,672,260 | 3,530,209 |
| Total Liabilities | 14,186,933 | 14,721,431 |
| Accumulated Deficit | \$ (8,971,648) | \$ (9,339,440) |

(See accompanying notes)

Tangible capital assets (note 5)

Contingencies and commitments (notes 10 and 11)

10 Guaranteed debt

Government of Saskatchewan
Summary Statement of Revenue, Expenditure, and Accumulated Deficit
For the Year Ended March 31, 1998

| | | (thousands of dollars) | |
|--|--|------------------------|-----------------------|
| Schedule | | 1998 | 1997 (Restated) |
| Revenue | | | |
| 11 | Taxation..... | \$ 3,115,574 | \$ 3,125,368 |
| 11 | Non-renewable resources..... | 802,218 | 927,114 |
| 11 | Gain on sale of investments..... | 174,819 | 25,259 |
| 11 | Other own-source revenue..... | 786,956 | 745,584 |
| 11 | Transfers from the federal government..... | 675,425 | 852,635 |
| Total Revenue | | 5,554,992 | 5,675,960 |
| Expenditure | | | |
| | Agriculture..... | 251,218 | 283,578 |
| | Community development..... | 151,729 | 147,666 |
| | Debt charges..... | 1,174,794 | 1,223,957 |
| | Economic development..... | 77,408 | 117,990 |
| | Education..... | 867,371 | 852,957 |
| | Environment and natural resources | 119,413 | 141,494 |
| | Health..... | 1,760,453 | 1,682,100 |
| | Protection of persons and property..... | 203,210 | 190,515 |
| | Social services and assistance..... | 688,003 | 586,406 |
| | Transportation..... | 272,699 | 248,453 |
| | Other..... | 212,792 | 191,110 |
| Total Expenditure (note 8) | | 5,779,090 | 5,666,226 |
| | (Deficit) surplus from government service organizations..... | (224,098) | 9,734 |
| 3 | Income from government enterprises..... | 591,890 | 547,074 |
| Surplus for the Year | | 367,792 | 556,808 |
| | Accumulated deficit, beginning of year..... | (9,339,440) | (9,896,248) |
| Accumulated Deficit, End of Year (note 7) | | \$ (8,971,648) | \$ (9,339,440) |

(See accompanying notes)

Government of Saskatchewan

Summary Statement of Operating, Investing, and Financing Activities

For the Year Ended March 31, 1998

(thousands of dollars)

| Schedule | 1998 | 1997 (Restated) |
|--|--------------------|---------------------|
| Operating Activities | | |
| Surplus for the year..... | \$ 367,792 | \$ 556,808 |
| Add (deduct) non-cash items | | |
| Income from government enterprises..... | (591,890) | (547,074) |
| Reclassification of government enterprises..... | - | 2,305 |
| Amortization of foreign exchange gains and losses | 3,954 | (6,044) |
| 12 Gain on loans and investments..... | (218,790) | (59,422) |
| 13 Net change in non-cash operating activities..... | 69,802 | 484,347 |
| Cash Provided by (Used for) Operating Activities | (369,132) | 430,920 |
| Investing Activities | | |
| Disposal of land held for resale | 1,533 | 2,730 |
| Acquisition of other investments..... | (37,523) | (23,928) |
| Disposition of other investments..... | 477,092 | 143,310 |
| Cash Provided by Investing Activities | 441,102 | 122,112 |
| Cash Provided by Operating and Investing Activities | \$ 71,970 | \$ 553,032 |
| Financing Activities | | |
| Proceeds from public debt..... | \$ 200,324 | \$ 298,141 |
| Repayment of public debt..... | (780,502) | (1,233,753) |
| Net Repayment of Public Debt..... | (580,178) | (935,612) |
| Dividends from government enterprises..... | 514,403 | 180,459 |
| Increase in pension and other liabilities..... | 72,650 | 360,538 |
| (Increase) in cash and temporary investments..... | (78,845) | (158,417) |
| Cash Used for Financing Activities | \$ (71,970) | \$ (553,032) |
| Cash and Temporary Investments | | |
| Cash and temporary investments, beginning of year..... | \$ 514,796 | \$ 356,379 |
| Increase in cash and temporary investments | 78,845 | 158,417 |
| Cash and Temporary Investments, End of Year | \$ 593,641 | \$ 514,796 |

(See accompanying notes)

Government of Saskatchewan

Notes to the Summary Financial Statements

For the Year Ended March 31, 1998

1. Significant Accounting Policies

These Summary Financial Statements are prepared using accounting principles appropriate for government and reflect the following significant accounting policies:

a) Reporting entity

These financial statements report the financial activities of organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislative Assembly and which are owned or controlled by the Government.

Trusts administered by the Government are excluded from the reporting entity.

A listing of organizations included in the reporting entity is provided in schedule 14.

b) Method of consolidation

The accounts of all government organizations, except those designated as government enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described in note 1(c). These organizations are referred to as government service organizations. Significant inter-organization accounts and transactions are eliminated.

Government enterprises are defined as self-sufficient organizations that have the financial and operating authority to sell goods and services to individuals and non-government organizations as their principal activity.

Government enterprises are recorded using the modified equity method. The Government's investment, which is initially recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise without adjusting them to conform with the accounting policies described below. Inter-organization accounts and transactions are not eliminated.

Financial results of government organizations whose fiscal year-ends are not March 31 are not adjusted unless the effect of such an adjustment would be significant to the consolidated operating results.

c) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

Revenue

Revenues are recorded on the accrual basis except for payments from the federal government for corporate and personal income taxes, which are recorded on the cash basis.

Expenditure

Expenditures are recorded on the accrual basis and include the cost of tangible capital assets and inventories of supplies received during the year.

Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Temporary investments are recorded at cost which approximates market value.

Inventories held for resale are recorded at the lower of cost and net realizable value. *Inventories of supplies* are expensed.

Land held for resale is valued at the lower of cost or net realizable value, on an aggregate basis.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of long-term debt. They are recorded at cost and amortized on a straight line basis over the remaining life of the debt issue.

Deferred foreign exchange loss includes net unrealized foreign exchange gains and losses resulting from the conversion of debentures due in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. Realized foreign exchange gains and losses are included in the surplus or deficit for the year. Unrealized foreign exchange gains and losses are amortized on a straight line basis over the remaining life of the debt issue.

Government of Saskatchewan

Notes to the Summary Financial Statements

Loans receivable are initially recorded at the cost. Where there has been a loss in value that is other than a temporary decline, the loan is written down to recognize the loss.

Other investments in bonds, debentures and mortgages are recorded at amortized cost. Other investments in shares of private and public companies, in which the Government does not exercise significant influence, are recorded at cost and dividends from these shares are recorded as income when receivable. When the Government has investments in shares and exercises significant influence but has less than a controlling interest or when the Government has joint control, the investments are accounted for by the modified equity method. Using this method, the carrying value of the investment is adjusted for the Government's share of the investee's net earnings or losses and reduced by dividends received from these shares. Other investments are written down to their fair value when there is evidence of a permanent decline in their value.

Tangible capital assets held by government service organizations are recorded as an expenditure in the period acquired. Capital assets held by government enterprises, as disclosed on schedule 3, are generally recorded at cost and amortized on a straight line basis over the estimated productive life of each asset.

Liabilities

Reported liabilities include obligations to outside organizations and individuals as a result of transactions and events occurring prior to year end. They are the result of financial obligations to repay borrowings or to pay for goods and services acquired prior to year end, and of revenue, received or receivable, where goods or services will be delivered in the future.

Unearned revenue is revenue that will be earned in a subsequent fiscal year and includes revenue for Crown mineral leases, licence and service fees and restricted funding from other organizations.

Public debt consists of promissory notes, debentures and annuities of government service organizations which are recorded net of amounts reimbursable from government enterprises. Public debt is recorded at par. Premiums, discounts and issue costs are recorded as deferred charges and amortized on a straight line basis over the remaining life of the debt issue.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. Premiums and discounts on long-term investments within the sinking fund are amortized by the type of security on a constant yield basis.

Where borrowing is used to finance loans to government enterprises, all expenses are charged directly to government enterprises.

Pension liabilities are calculated using the projected benefit method prorated on services. Pension fund assets are valued at market related values. Changes in the pension liabilities as a result of estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight line basis over the expected average remaining service life of the related employee group. Gains or losses as a result of plan amendments are recognized in the period of the plan amendment.

Guaranteed debt includes guarantees of the Government made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

2. Cash and Temporary Investments

Temporary investments are generally for less than 30 days, and have an average effective interest rate of 4.79 per cent.

3. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of pension obligations, non-renewable resources royalties, and the federal government's Equalization and Canada Health and Social Transfer and in the valuation of loans where repayment is contingent upon an organization's cash flows. The uncertainty arises from factors such as the effect on accrued pension obligations of actual experience compared to actuarial estimations and assumptions; the effect on accrued royalties of price and production sensitivities in the royalty structures; the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country; and the effect of commodity prices on cash flows. Management considers that it is

Government of Saskatchewan

Notes to the Summary Financial Statements

reasonably possible that changes in future conditions in the near term could require a material change in the amounts recognized. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

4. Land Held for Resale

The estimated net realizable value of the Government's land held for resale at March 31, 1998 is \$234.0 million (1997 - \$223.6 million).

5. Tangible Capital Assets

The Government has a significant investment in tangible capital assets that have a useful life of greater than one year. For government service organizations, tangible capital assets are recorded as an expenditure in the period acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. These assets are a key component in the delivery of government programs and provide on-going value to the public.

In the current year, government service organizations acquired tangible capital assets costing \$135.3 million (1997 - \$158.4 million). The following table includes the tangible capital assets held by government service organizations.

| (thousands of dollars) | | | | | | | | |
|---|-------------------|---------------------|--------------------------|---------------------|-------------------|---------------------|-------------|--------------------|
| 1998 | | | | | | | | 1997 (Restated) |
| | Land | Buildings | Machinery & Equipment | Vehicles | Capital Leases | Other ¹ | Total | Total |
| <i>Estimated useful life</i> | <i>Indefinite</i> | <i>3 - 50 years</i> | <i>2 - 20 years</i> | <i>3 - 15 years</i> | <i>Varies</i> | <i>2 - 20 years</i> | | |
| Opening cost | \$69,695 | \$1,481,683 | \$416,374 | \$143,271 | \$69,052 | \$98,762 | \$2,278,837 | \$2,152,927 |
| Additions | 957 | 21,448 | 35,466 | 10,355 | - | 67,082 | 135,308 | 158,404 |
| Disposals | (926) * | (8,161) | (14,778) | (10,976) | (2,366) | (4,550) | (41,757) | (32,494) |
| Closing cost of tangible capital assets | 69,726 | 1,494,970 | 437,062 | 142,650 | 66,686 | 161,294 | 2,372,388 | 2,278,837 |
| Opening accumulated amortization | - | 379,798 | 281,023 | 74,386 | 35,339 | 13,736 | 784,282 | 710,554 |
| Annual amortization | - | 46,689 | 37,391 | 8,362 | 3,223 | 6,416 | 102,081 | 96,279 |
| Write-downs | - | - | 140 | - | - | 367 | 507 | (4,350) |
| Disposals | - | (3,390) | (12,207) | (8,123) | (4,598) | (2,164) | (30,482) | (18,201) |
| Closing accumulated amortization | - | 423,097 | 306,347 | 74,625 | 33,964 | 18,355 | 856,388 | 784,282 |
| Net Book Value of Tangible Capital Assets | \$69,726 | \$1,071,873 | \$130,715 | \$68,025 | \$32,722 | \$142,939 | \$1,516,000 | \$1,494,555 |

¹ Includes: construction in progress, computer software, furniture, aircraft and other tangible capital assets.

Reporting policies are currently being developed, and information gathered, for other tangible capital assets. This includes infrastructure such as highways and land acquired for public use.

6. Pension Liabilities

The Government of Saskatchewan sponsors several defined benefit and defined contribution pension plans for a significant number of its employees and for members of the Legislative Assembly.

Defined benefit pension plans provide benefits based on length of service and pensionable earnings. A typical defined benefit pension plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their pension plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates,

Government of Saskatchewan

Notes to the Summary Financial Statements

wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. The long-term inflation rate is estimated between 3.75 and 4.00 per cent, other estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a five year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government matches employee current service contributions.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

a) Government Service Organizations

Defined benefit pension plans

The two main plans of government service organizations are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Members of the Legislative Assembly Superannuation Plan (MLA), Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Public Employees (Government Contributory) Annuity Fund, which continues effective July 1, 1997 as the Saskatchewan Pension Annuity Fund, an annuity underwriting operation.

The TSP provides inflation protection equal to 80.0 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP. PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP are paid from the General Revenue Fund.

Information on the defined benefit pension plans of government service organizations follows:

| | 1998 | | | | 1997 |
|--|-----------|------------------------|------------------------|-----------|-----------|
| | TSP | PSSP | All Others | Total | Total |
| Plan status | closed | closed | closed ¹ | n/a | n/a |
| Member contribution rate, percentage of salary | 7.85 | 7.0 - 9.0 ² | 5.0 - 9.0 ² | n/a | n/a |
| Number of active members | 8,094 | 2,490 | 101 | 10,685 | 10,903 |
| Average age of active members, years | 46.8 | 49.5 | 53.2 | 47.5 | 47.3 |
| Former members entitled to deferred pension benefits | 18,926 | 154 | 12 | 19,092 | 19,018 |
| Number of superannuates and surviving spouses | 8,105 | 5,874 | 1,606 | 15,585 | 15,541 |
| Member contributions (thousands of dollars) | \$ 21,361 | \$ 6,787 | \$ 362 | \$ 28,510 | \$ 32,272 |
| Government contributions (thousands of dollars) | 102,639 | — | 3,333 | 105,972 | 115,168 |
| Benefits paid (thousands of dollars) | 178,163 | 86,913 | 5,695 | 270,771 | 253,886 |

¹Judges is open to new membership, all other plans are closed.

²Contribution rate varies based on age.

Government of Saskatchewan

Notes to the Summary Financial Statements

Based on the latest actuarial valuation, extrapolated to March 31, 1998, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

(thousands of dollars)

| Plan Name | Actuarial Valuation Date | 1998 | | | | 1997 | |
|------------------------|--------------------------|----------------------------|---------------------|---------------------|---|------------------------------|------------------------------|
| | | Accrued Benefit Obligation | Pension Fund Assets | Net Obligation | Unamortized Estimation Adjustments ¹ | Recorded Pension Liabilities | Recorded Pension Liabilities |
| TSP ² | Jun. 30/95 | \$ 3,596,000 | \$ 1,286,000 | \$ 2,310,000 | \$ 107,285 | \$ 2,417,285 | \$ 2,301,639 |
| PSSP | Dec. 31/96 | 1,266,632 | — | 1,266,632 | (71,636) | 1,194,996 | 1,174,690 |
| Others | Various | 150,045 | 87,383 | 62,662 | (2,683) | 59,979 | 53,880 |
| Total | | \$ 5,012,677 | \$ 1,373,383 | \$ 3,639,294 | \$ 32,966 | \$ 3,672,260 | \$ 3,530,209 |

¹Amortized to income over 3 - 13 years (1997, 3 - 13 years), the estimated average remaining service life of active plan members at the time the estimation adjustment arises.

²The TSP accrued benefit obligation includes a liability of \$60.0 million (1997 - \$60.0 million) relating to the TSP disability provision.

At March 31, 1998 the market value of plan investments was \$1.8 billion (1997 - \$1.5 billion). Of this amount, 48.4 per cent (1997 - 48.3 per cent), was invested in fixed income securities and 47.2 per cent (1997 - 46.5 per cent) in equity investments.

Defined contribution pension plans

The two main multi-employer defined contribution pension plans sponsored by the Government are the Public Employees (Government Contributory) Superannuation Plan which continues July 1, 1997 as the Public Employees Pension Plan (PEPP) and the Capital Pension Plan (Capital). The Government matches employee current service contributions to these plans. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation. The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution pension plans of government service organizations follows:

| | 1998 | | | 1997 | |
|--|---------------------------|----------|-----------|-----------|-----------|
| | Government Sponsored PEPP | Capital | STRP | Total | Total |
| Plan status | open | open | n/a | n/a | n/a |
| Member contribution rate, percentage of salary | 5.0 | 5.5 | n/a | n/a | n/a |
| Number of active government service organization members | 14,177 | 604 | n/a | 14,781 | 13,509 |
| Number of inactive members | 4,860 | 12 | n/a | 4,872 | 4,672 |
| Member contributions (thousands of dollars) | \$ 20,956 | \$ 1,276 | n/a | \$ 22,232 | \$ 23,341 |
| Government contributions (thousands of dollars) | 20,123 | 962 | \$ 16,568 | 37,653 | 38,379 |

Government of Saskatchewan

Notes to the Summary Financial Statements

Pension expenditure

Pension expenditure for government service organizations is reported in the Summary Statement of Revenue, Expenditure, and Accumulated Deficit in both education expenditure and other expenditure. Pension interest expenditure is reported in debt charges. The total pension related expenditure of government service organizations includes the following:

| | (thousands of dollars) | |
|--|------------------------|------------|
| | 1998 | 1997 |
| Defined benefit pension plans: | | |
| Current period benefit cost | \$ 100,019 | \$ 85,667 |
| Amortization of estimation adjustments | (14,546) | (17,449) |
| Employee contributions | (28,510) | (32,061) |
| Pension expenditure | 56,963 | 36,157 |
| Cost of financing unfunded pension obligation (pension interest expenditure) | 271,186 | 258,247 |
| Total pension related expenditure, defined benefit plans | 328,149 | 294,404 |
| Defined contribution pension plans: | | |
| Total pension related expenditure, defined contribution plans | 37,653 | 38,379 |
| Total pension related expenditure | \$ 365,802 | \$ 332,783 |

b) Government Enterprises

Defined benefit pension plans

The two main defined benefit pension plans of government enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Superannuation Plan (SaskTel). Other pension plans include Saskatchewan Government Insurance Superannuation Plan, Liquor Board Superannuation Plan, and the Workers' Compensation Board Superannuation Plan.

Effective January 1, 1997, the contribution rate for certain members of SaskPower decreased 1%.

The Government contributes the amount necessary to fund the payment of pension benefits.

At December 31, 1997, the market value of plan investments was \$1.4 billion (1997 - \$1.3 billion). Of this amount, 41.9 per cent (1997 - 46.0 per cent) was invested in fixed income securities and 45.0 per cent (1997 - 42.6 per cent) in equity investments.

Information on the defined benefit pension plans of government enterprises follows:

| | 1998 | | | | 1997 |
|---|------------------------|------------------------|------------------------|----------|----------|
| | SaskPower | SaskTel | Others | Total | Total |
| Plan status | closed | closed | closed | n/a | n/a |
| Member contribution rate, percentage of salary | 6.0 - 9.0 ¹ | 7.0 - 9.0 ² | 7.0 - 9.0 ² | n/a | n/a |
| Number of active members | 764 | 1,095 | 210 | 2,069 | 2,330 |
| Number of former members, superannuates and surviving spouses | 1,721 | 1,398 | 488 | 3,607 | 3,473 |
| Member contributions (thousands of dollars) | \$ 1,981 | \$ 3,490 | \$ 458 | \$ 5,929 | \$ 6,527 |
| Government contributions (thousands of dollars) | 600 | 46 | 1,950 | 2,596 | 3,729 |
| Benefits paid (thousands of dollars) | 36,734 | 29,197 | 6,310 | 72,241 | 67,862 |

¹Contribution rate varies based on age and employee group.

²Contribution rate varies based on age.

Government of Saskatchewan

Notes to the Summary Financial Statements

Based on the latest actuarial valuations extrapolated to December 31, 1997, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below.

(thousands of dollars)

| Plan Name | Actuarial Valuation Date | 1998 | | | 1997 |
|-----------------|--------------------------------|----------------------------------|---------------------------|-----------------------------------|-----------------------------------|
| | | Accrued Benefit Obligation | Pension Fund Assets | Pension (Surplus) Liability | Pension (Surplus) Liability |
| SaskPower | September 30, 1997 | \$ 573,784 | \$ 631,588 | \$ (57,804) | \$ (24,667) |
| SaskTel | December 31, 1995 | 569,098 | 674,773 | (105,675) | (58,108) |
| Others | Various | 105,077 | 81,514 | 23,563 | 24,433 |
| Total | | \$ 1,247,959 | \$ 1,387,875 | \$ (139,916) | \$ (58,342) |

Defined contribution pension plans

Information on the defined contribution pension plans of government enterprises follows:

| | 1998 | | | 1997 |
|---|-----------|----------|-----------|-----------|
| | PEPP | Capital | Total | Total |
| Plan status | open | open | n/a | n/a |
| Member contribution rate, percentage of salary | 5.0 | 5.5 | n/a | n/a |
| Number of active members | 6,731 | 1,690 | 8,421 | 7,386 |
| Number of inactive members | 1,498 | 57 | 1,555 | 1,450 |
| Member contributions (thousands of dollars) | \$ 12,605 | \$ 3,006 | \$ 15,611 | \$ 14,701 |
| Government contributions (thousands of dollars) | 13,413 | 2,983 | 16,396 | 14,338 |

Pension expense

Pension expense and pension interest expense for government enterprises are reported in the Summary Statement of Revenue, Expenditure, and Accumulated Deficit as a component of income from government enterprises.

7. Reserves

The accumulated deficit of \$8,971.6 million consists of an unallocated deficit component of \$8,983.5 million and the Environmental Protection Reserve of \$11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

Government of Saskatchewan

Notes to the Summary Financial Statements

8. Expenditures by Object

Expenditures by object are reported as follows:

| | (thousands of dollars) | |
|---|------------------------|---------------------|
| | 1998 | 1997 |
| | | (Restated) |
| Transfers | \$2,301,865 | \$ 2,253,201 |
| Debt charges | 1,174,794 | 1,223,957 |
| Salaries and benefits | 1,176,253 | 1,121,837 |
| Operating costs | 852,329 | 717,045 |
| Tangible capital asset acquisitions | 135,308 | 158,404 |
| Other | 138,541 | 191,782 |
| Total Expenditures | \$ 5,779,090 | \$ 5,666,226 |

9. Comparison of Planned to Actual Results

A comparison of planned to actual surplus is as follows:

| | (thousands of dollars) | | |
|---|------------------------|-------------------|----------------------|
| | 1998 | | 1997 |
| | Planned | Actual | (Restated) Actual |
| General Revenue Fund surplus for the year | <u>\$ 24,133</u> | \$ 35,212 | \$ 406,950 |
| Government enterprises' income for the year | | 591,890 | 547,074 |
| Other government service organizations' surplus for the year | | 394,860 | 817,594 |
| Dividends received from government organizations included in the surplus figures above | | (564,403) | (596,158) |
| Adjustments to conform to the basis of accounting described in note 1(b) | | (89,767) | (618,652) |
| Surplus for the Year | | \$ 367,792 | \$ 556,808 |

The planned and actual figures are before elimination of inter-organization transactions.

10. Contingencies

a) Guaranteed debt

At March 31, 1998, \$626.6 million (1997 - \$791.7 million) in loans were guaranteed by the Government. Schedule 10 provides a listing of guaranteed debt.

b) Lawsuits

Up to \$91.5 million may be paid depending on the outcome of lawsuits in progress.

c) Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and believes they are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether or not the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

d) Gross Revenue Insurance Plan (GRIP)

Legal actions against the Government for breach of contract with respect to the change from the 1991 GRIP program to the 1992 revenue insurance program were settled in favour of the Government. An appeal to this decision is being made. The institution of *The*

Government of Saskatchewan Notes to the Summary Financial Statements

Farm Income Legislation Amendment Act 1992 effectively extinguished any cause of action.

e) Other

Other contingencies of \$1.4 million may be paid depending on the outcome of future events.

11. Commitments

Major financial commitments include:

- forward purchase commitments of \$1,756.0 million for coal contracted for future minimum deliveries valued at current prices;
- forward purchase commitments of approximately \$2,000.0 million for power over the next 25 years;
- treaty land entitlement agreement commitments valued at approximately \$138.6 million;
- other commitments including capital expenditure commitments valued at approximately \$632.8 million including commitments of \$71.1 million for agriculture capital projects, \$100.0 million for health capital projects, \$79.2 million for transportation capital projects and \$20.7 million for community development capital projects; and,
- capital and operating lease obligations as follows:

| | (thousands of dollars) | |
|------------------------------------|------------------------|------------------|
| | Operating | Capital |
| Future minimum lease payments | | |
| 1998-99 | \$ 51,002 | \$ 12,722 |
| 1999-2000 | 49,635 | 12,411 |
| 2000-01 | 43,867 | 11,723 |
| 2001-02 | 35,454 | 11,404 |
| 2002-03 | 31,845 | 11,068 |
| Thereafter | 31,701 | 68,952 |
| | 243,504 | 128,280 |
| Less: Interest and executory costs | - | (72,970) |
| Total Lease Obligations | \$ 243,504 | \$ 55,310 |

Total operating lease obligations include \$147.4 million for government service organizations and \$96.1 million for government enterprises.

Total capital lease obligations relate entirely to government service organizations (schedule 5).

12. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are not owned by the Government and the Government has no equity in the funds. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the Government at March 31, 1998, were as follows:

| | (thousands of dollars) | |
|---|------------------------|---------------------|
| | 1998 | 1997 (Restated) |
| Superannuation funds and pension plans ¹ | \$ 6,452,050 | \$ 5,556,031 |
| Public Trustee's Trust Account | 131,704 | 115,661 |
| Other trusts | 53,380 | 49,083 |
| Total Trust Funds | \$ 6,637,134 | \$ 5,720,775 |

¹ Reflects the latest audited financial statements of the funds and plans closest to March 31, 1998.

Government of Saskatchewan

Notes to the Summary Financial Statements

13. Subsequent Events

a) HARO Financial Corporation (HARO)

On May 26, 1998, it was announced that Canada Life and Crown Life had signed a memorandum of understanding whereby Canada Life will acquire Crown Life's individual and group insurance operations in Canada. As part of this transaction, the Government will receive repayment of their \$149.5 million convertible debenture from HARO. Repayment of the convertible debenture is expected by December 31, 1998. The balance of the Government's investment in HARO is expected to be recovered over the next five years.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The Government may experience the effects of the Year 2000 Issue before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations.

The Government is working to mitigate any potential effects that may be experienced in critical business systems due to the Year 2000 Issue. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved. However, any potential costs associated with modifying computer systems for the year 2000 are not expected to have a material adverse affect on the Government's financial condition.

15. Comparative Figures

Certain of the 1997 comparative figures have been reclassified to conform with the current year's presentation.

Government of Saskatchewan

Schedules to the Summary Financial Statements

For the Year Ended March 31, 1998

Schedule 1 - Accounts Receivable

(thousands of dollars)

| | 1998 | 1997 |
|--|-------------------|-------------------|
| Bi-Provincial Upgrader Joint Venture share proceeds..... | \$ 155,000 | \$ - |
| Taxation..... | 135,549 | 139,842 |
| Non-renewable resources..... | 70,014 | 134,159 |
| Transfers from the federal government..... | 45,600 | 58,616 |
| Leases and farm loans..... | 14,339 | 19,446 |
| Insurance premiums due from agriculture producers..... | 10,521 | 15,356 |
| Accrued interest..... | 8,560 | 7,253 |
| Other..... | 202,243 | 172,978 |
| Total Accounts Receivable | \$ 641,826 | \$ 547,650 |

Schedule 2 - Loans Receivable

(thousands of dollars)

| | 1998 | 1997 |
|---|-------------------|-------------------|
| Agricultural loans | | |
| Capital loan program..... | \$ 136,567 | \$ 176,205 |
| Livestock cash advance program..... | 12,219 | 24,547 |
| Production loan program..... | 10,103 | 28,908 |
| Counselling and Assistance for Farmers program..... | 4,163 | 6,941 |
| Investment loan program..... | 4,098 | 16,339 |
| Spring seeding loan program..... | 260 | 810 |
| Crop Sector Companion Program..... | - | 106,245 |
| Other..... | 7 | 7 |
| | 167,417 | 360,002 |
| Provision for losses..... | (46,412) | (56,846) |
| | 121,005 | 303,156 |
| Student loans | 57,208 | 77,950 |
| Provision for losses..... | (22,137) | (25,845) |
| | 35,071 | 52,105 |
| Housing mortgages and loans | 9,653 | 17,354 |
| Other | 19,581 | 23,037 |
| Total Loans Receivable | \$ 185,310 | \$ 395,652 |

See page 53 for additional information.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 2 (continued) - Loans Receivable

Capital loan program

Loans are repayable over terms not exceeding twenty-five years and bear interest at rates between 6 per cent and 13 1/2 per cent. Security on individual loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Livestock cash advance program

Effective August 1, 1993, clients with livestock cash advances began repaying their loans, bearing interest at the bank prime rate plus 2 per cent, over a maximum five year period. The loans are secured by promissory notes and, where applicable, by guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Production loan program

Production loans were disbursed in 1986 bearing interest at 6 per cent repayable in equal principal instalments over a term of three years. Amounts in arrears are at prime plus 2 per cent. Program amendments allowed borrowers to reschedule their outstanding loans at 9 3/4 per cent to mature in 1997. The loans are secured by promissory notes and, where applicable, by guarantees and general security agreements. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Counselling and Assistance for Farmers program

Effective August 1, 1992, the Government no longer issued new guarantees under this program. Existing guarantees were renewed until March 31, 1995, at which time the program was terminated. The majority of loans are in default, have judgements obtained on them and bear interest at 5 per cent. The loans are secured by way of an assignment of security from the original lender.

Investment loan program

Investment loans bear interest at rates between 8 1/2 per cent and 10 1/2 per cent and are repayable over terms not exceeding twenty-five years. Security on the loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Spring seeding loan program

During the 1992 fiscal year, the Government paid out \$48.6 million to honour guarantees on loans granted by financial institutions under this program. The loans assumed by the Government bear interest at prime plus 2 per cent and are secured by promissory notes and, where applicable, by guarantees and general security agreements. The loans are assumed pursuant to *The Agricultural Credit Corporation of Saskatchewan Act*.

Crop Sector Companion Program

The program is a farm safety net package created as a result of a federal-provincial agreement signed in September of 1995. The program was introduced as a transitional safety net feature and provides coverage for the 1995 and 1996 calendar years. It is administered by the federal government with costs of the program shared between the federal government and the Province.

The federal and Provincial governments make contributions into the program fund. These contributions bear interest at 90 per cent of the average of the weekly three-month treasury bill tender rate. Payments are made from the program fund to producers.

Student loans

The program operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest free for a six-month period following discontinuance of studies or graduation. Interest relief grants, which extend the interest-free period for up to 18 months, are provided to qualified applicants. Interest rates are prescribed by the Minister of Post-Secondary Education and Skills Training. Special incentive loan remission and/or loan forgiveness is granted to all students who meet specific criteria.

A Risk Sharing Student Loans Agreement between the Government and a bank was signed March 12, 1996. This Agreement covers loans approved between August 1, 1996 and July 31, 2001. The Government retains responsibility for loan approval. Loans approved are loan-financed, disbursed, managed and collected by the bank. The Government pays a risk premium of 5 per cent to the bank when loans become repayable.

Housing mortgages and loans

Housing mortgages and loans were provided pursuant to provisions of Section 15 of *The Saskatchewan Housing Corporation Act*. The loans and mortgages are repayable, at various interest rates, over terms not exceeding thirty-five years. Security on the loans and mortgages may include promissory notes or charges against residential property.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 3 - Investment in Government Enterprises

| | SaskEnergy Incorporated Dec. 31, 1997 | Saskatchewan Power Corporation Dec. 31, 1997 | Saskatchewan Telecom- munications Holding Corporation Dec. 31, 1997 | Saskatchewan Liquor and Gaming Authority Mar. 31, 1998 | Saskatchewan Gaming Corporation Mar. 31, 1998 |
|--|---|---|--|--|--|
| Assets | | | | | |
| Cash and temporary investments | | | | | |
| Due from government organizations..... | \$ | | | 386,206 | |
| Other..... | (1,289) | 79,085 | (7,687) | 3,390 | 10,774 |
| Accounts receivable | | | | | |
| Due from government organizations..... | | | 574 | | |
| Other..... | 72,769 | 121,914 | 110,960 | 9,661 | 205 |
| Inventories..... | | 5,017 | 7,285 | 12,440 | 263 |
| Prepaid expenses..... | 4,740 | 83,029 | 29,442 | 426 | 352 |
| Long-term investments | | | | | |
| In the Province | | | 974 | | |
| Other..... | | | 25,056 | | |
| Capital assets..... | 972,444 | 2,804,320 | 933,050 | 29,492 | 32,549 |
| Other assets | | | | | |
| Due from government organizations..... | | | | 822 | 1,279 |
| Other..... | 71,805 | 155,471 | 47,506 | | |
| Total Assets | 1,120,469 | 3,248,836 | 1,147,160 | 442,437 | 45,422 |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | | | | | |
| Due to government organizations..... | 20,961 | 71,982 | 5,647 | | 11,595 |
| Other..... | 54,843 | 84,641 | 101,366 | 6,402 | 2,754 |
| Dividends payable to government organizations..... | 21,700 | 72,629 | 36,571 | | |
| Debt | | | | | |
| Owing to government organizations..... | 697,284 | 1,686,873 | 338,768 | | |
| Other..... | 4,816 | 201 | 42,719 | | 31,073 |
| Unearned revenue | | | | | |
| Received from government organizations..... | 2,194 | | | | |
| Other..... | 63,686 | 255,784 | 23,852 | | |
| Unpaid insurance claims..... | | | | | |
| Other liabilities..... | | | | 18,571 | |
| Total Liabilities | 865,484 | 2,172,110 | 548,923 | 24,973 | 45,422 |
| Net Assets (Liabilities) | \$ 254,985 | 1,076,726 | 598,237 | 417,464 | - |
| Revenue | | | | | |
| Revenue from operations..... | \$ 345,904 | 905,798 | 663,902 | 522,728 | 43,091 |
| Transfers from government organizations..... | 7,891 | 16,191 | 29,222 | 3,078 | |
| Total Revenue | 353,795 | 921,989 | 693,124 | 525,806 | 43,091 |
| Expenses | | | | | |
| Expenses from operations..... | 225,265 | 574,772 | 542,301 | 241,084 | 31,496 |
| Transfers to government organizations..... | 89,086 | 215,165 | 54,524 | | |
| Total Expenses¹ | 314,351 | 789,937 | 596,825 | 241,084 | 31,496 |
| Income (loss) before non-recurring items..... | 39,444 | 132,052 | 96,299 | 284,722 | 11,595 |
| Non-recurring items..... | | | (55,665) | | |
| Net Income (Loss) for the Year | 39,444 | 132,052 | 40,634 | 284,722 | 11,595 |
| Net assets (deficiency) - | | | | | |
| beginning, as previously reported..... | 165,710 | 357,310 | 344,174 | 482,073 | - |
| Restatement of prior years..... | | | | 669 | |
| Dividends to government organizations..... | (21,700) | (72,629) | (36,571) | (350,000) | (11,595) |
| Reclassification..... | | | | | |
| Equity advances/share capital..... | 71,531 | 659,993 | 250,000 | | |
| Net Assets (Deficiency) - End of Year | \$ 254,985 | 1,076,726 | 598,237 | 417,464 | - |

See page 56 for additional information.

¹ Adjustments include:

- reclassifying dividends paid by March 31, 1998;
- reversing the write-off of deferred financing costs reported by Saskatchewan Power Corporation;

(thousands of dollars)

| Municipal Financing Corporation of Saskatchewan Dec. 31, 1997 | Saskatchewan Government Insurance Dec. 31, 1997 | Saskatchewan Auto Fund Dec. 31, 1997 | Workers' Compensation Board (Saskatchewan) ² Dec. 31, 1997 | Other Government Enterprises | Adjustments ¹ | Total 1998 | Total 1997 (Restated) |
|---|--|---|---|------------------------------------|--------------------------|---|-------------------------------------|
| 68,703 | 3,663 26,983 | 4,565 34,586 | 62,476 | (96) | (152,808) | \$ 394,434 124,117 | \$ 498,010 50,389 |
| 1,892 | 2,263 34,655 | 17,283 | 22,383 | 206 | | 2,837 391,928 | - 402,870 |
| | 33,922 | 8,766 | | 15 | | 25,005 160,692 | 19,402 160,517 |
| 43,960 | 4,268 223,814 21,942 | 11,764 424,443 33,899 | 20,152 611,355 31,308 | 4 245 | | 37,158 1,328,632 4,859,249 | 110,223 1,229,152 4,917,217 |
| | | | | | 7,579 | - 284,462 | - 266,144 |
| 114,555 | 351,510 | 535,306 | 747,674 | 374 | (145,229) | 7,608,514 | 7,653,924 |
| 1,527 27 | 6,371 13,512 21,908 | 16,770 14,626 | 4,522 19,817 | 1,631 | | 139,375 299,619 | 125,482 334,289 |
| 79,667 4,500 | | | | | (152,808) | - | - |
| | | | | | | 2,802,592 83,309 | 2,970,069 90,747 |
| | 86,600 111,124 3,457 | 144,022 487,742 | 556,740 52,094 | | | 2,194 573,944 1,155,606 74,122 | - 521,032 1,143,779 68,260 |
| 85,721 | 242,972 | 663,160 | 633,173 | 1,631 | (152,808) | 5,130,761 | 5,253,658 |
| 28,834 | 108,538 | (127,854) | 114,501 | (1,257) | 7,579 | \$ 2,477,753 | \$ 2,400,266 |
| 8,479 | 179,807 | 417,291 1,103 | 222,838 14,111 | 1,671 | | \$ 3,311,509 71,596 | \$ 3,277,606 95,906 |
| 8,479 | 179,807 | 418,394 | 236,949 | 1,671 | - | 3,383,105 | 3,373,512 |
| 944 7,997 | 149,241 6,223 | 412,478 21,128 | 156,406 4,522 | 1,883 | 230 | 2,336,100 398,645 | 2,307,708 448,473 |
| 8,941 (462) | 155,464 24,343 | 433,606 (15,212) | 160,928 76,021 | 1,883 (212) (805) | 230 (230) | 2,734,745 648,360 (56,470) | 2,756,181 617,331 (70,257) |
| (462) | 24,343 | (15,212) | 76,021 | (1,017) | (230) | 591,890 | 547,074 |
| 29,296 | 51,103 (21,908) | (112,642) | 38,480 | (241) | 8,471 (669) | 1,363,734 - | 943,939 - |
| | 55,000 | | | 1 | 7 | (514,403) - | (180,459) 53,180 |
| 28,834 | 108,538 | (127,854) | 114,501 | (1,257) | 7,579 | 1,036,532 | 1,036,532 |
| 28,834 | 108,538 | (127,854) | 114,501 | (1,257) | 7,579 | \$ 2,477,753 | \$ 2,400,266 |

² Net assets are restricted as disclosed in the narrative portion of this schedule on the pages following.³ Total expenses include debt charges of \$299.0 million, of which \$269.0 million were paid to government organizations.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 3 (continued) - Investment in Government Enterprises

SaskEnergy Incorporated (SaskEnergy)

SaskEnergy promotes, transports, stores and distributes natural gas in Saskatchewan.

Saskatchewan Power Corporation (SaskPower)

SaskPower generates, purchases, transmits, distributes and sells electricity and related products and services.

Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of voice, data, Internet, wireless, text and image products, systems and services. Its membership in the Stentor group of companies enables it to extend services throughout Canada and to connect its customers to the rest of the world.

Saskatchewan Liquor and Gaming Authority (SLGA)

SLGA's main functions are to control the manufacturing and distribution of beverage alcohol throughout the Province, to oversee the licensing of all establishments selling alcohol in the Province, and to maintain the integrity of all licensed gaming while ensuring maximum benefit to Saskatchewan charities.

Saskatchewan Gaming Corporation (SGC)

SGC's mandate is to operate and manage casinos in Saskatchewan.

Municipal Financing Corporation of Saskatchewan (MFC)

MFC assists municipalities in financing their capital requirements.

Saskatchewan Government Insurance (SGI) & Saskatchewan Auto Fund (Auto Fund)

SGI's competitive general insurance business, known as SGI CANADA, offers home, tenant, farm, automobile extension, and commercial coverages.

The Auto Fund, the Province's compulsory vehicle insurance program, is administered by SGI on behalf of the Government. Any net assets of the Auto Fund are for the future benefit of Saskatchewan's motoring public and are not used for the payment of dividends to the General Revenue Fund.

Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation insurance to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for the payment of dividends to the General Revenue Fund.

Other Government Enterprises

Other government enterprises includes the following:

- **Saskatchewan Government Growth Fund Management Corporation (SGGF)**

SGGF participates in the federal government's Immigrant Investor Program to acquire lower cost capital for investment in Saskatchewan on commercial terms. Under this program, SGGF manages venture capital funds raised through four subsidiary fund companies.

- **Saskatchewan Forest Products Corporation (SFPC)**

SFPC ceased to have active business operations April of 1995, upon the execution of a sales agreement which facilitated the formation of Saskfor MacMillan Limited Partnership, a partnership between the Government and MacMillan Bloedel Limited.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 4 - Other Investments

| (thousands of dollars) | | | | |
|--|-----------------------|----|----------|--------------|
| | Voting Percentages | | 1998 | 1997 |
| Investments | | | | |
| Cameco Corporation | | | | |
| 5,423,123 (1997 - 5,423,123) common shares..... | 9.4% | \$ | 114,898 | \$ 114,898 |
| Saskferco Products Inc. | | | | |
| 68,449,080 (1997 - 68,449,080) class B common shares..... | 49.0% | | 100,087 | 90,361 |
| HARO Financial Corporation | | | | |
| 68,000,000 (1997 - 68,000,000) class B non-voting common shares..... | - | | 68,000 | 68,000 |
| Saskfor MacMillan Limited Partnership | | | | |
| partnership interest..... | 50.0% | | 51,369 | 49,877 |
| Bi-Provincial Upgrader, Lloydminster, Saskatchewan | | | | |
| joint venture interest..... | - | - | - | 200,193 |
| Wascana Energy Inc. | | | | |
| nil (1997 - 5,842,910) common shares..... | - | - | - | 47,044 |
| Meadow Lake Pulp Limited Partnership | | | | |
| partnership interest..... | 49.0% | | (46,690) | (26,775) |
| NewGrade Energy Inc. | | | | |
| common shares and debentures..... | 50.0% | | (49,836) | (65,903) |
| Other share investments - equity basis..... | | | 13,982 | 12,788 |
| Other share investments - cost basis..... | | | 8,062 | 6,339 |
| | | | 259,872 | 496,822 |
| Bonds and Debentures | | | | |
| HARO Financial Corporation | | | 353,661 | 353,246 |
| Meadow Lake Pulp Limited Partnership | | | | |
| participating debentures..... | | | 159,743 | 159,107 |
| Other bonds and debentures..... | | | 23,650 | 14,739 |
| | | | 537,054 | 527,092 |
| Loans, Notes and Mortgages Receivable | | | | |
| Cadillac Fairview Corporation Limited..... | | | 38,346 | 38,974 |
| Other loans, notes and mortgages receivable..... | | | 30,983 | 44,138 |
| | | | 69,329 | 83,112 |
| Property Holdings | | | | |
| | | | 90,164 | 70,172 |
| Total Other Investments | | \$ | 956,419 | \$ 1,177,198 |

See pages 58-59 for additional information.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 4 (continued) - Other Investments

Cameco Corporation (Cameco)

At December 31, 1997, the Government owned 5,423,123 (1996 - 5,423,123) voting common shares of Cameco representing a 9.4 per cent (1996 - 10.3 per cent) interest. Included in the investment in Cameco is one Class B share which provides the Government with the ability to exercise special voting rights with respect to the location of Cameco's head office. These shares are accounted for using the cost method.

Saskferco Products Inc. (Saskferco)

The Government holds a 49 per cent (1996 - 49 per cent) voting interest in Saskferco, a nitrogen fertilizer plant located in Belle Plaine, Saskatchewan. These shares are accounted for using the modified equity method.

HARO Financial Corporation (HARO)

- (i) To December 31, 1997, the Government had advanced \$272.2 million (1996 - \$271.7 million) to HARO to finance HARO's ownership interest in Crown Life Insurance Company (Crown Life). This Term Loan was for an initial five-year term commencing on December 15, 1992, with a maximum of four five-year renewal terms at the option of HARO. HARO did not exercise its option to renew on December 15, 1997. Hence the Term Loan is due and payable on demand.

Interest on the Term Loan of 5.89 per cent (1996 - 4.56 per cent) is calculated quarterly. Payment of principal and interest is subject to available cash flow as defined in the loan agreement. Due to the timing uncertainty of cash payments, the Government will record interest income when payments are received. HARO made no interest payments during the year. Total interest owing to the Government is \$94.8 million (1996 - \$81.3 million).

If renewed, all unpaid principal and interest is due on December 15, 2017. On that date, any amounts outstanding will be converted into a maximum of 94 per cent of HARO equity shares. The Government has a unilateral right, prior to December 15, 2017, to convert no less than 25 per cent of the loan to either HARO non-voting, HARO voting or Crown Life shares. The number of Crown Life shares acquired by the Government may not exceed 94 per cent of the Crown Life shares owned by HARO. Any conversion may be subject to regulatory approval. Security for the loan is 100 per cent of the assets of HARO.

During 1995, the Government exercised its right to convert \$68.0 million of the Term Loan into 68,000,000 non-voting, fully participating equity shares of HARO. The Government has a unilateral right to exchange these for voting shares or 94 per cent of the assets of HARO. Both exchange rights may be subject to regulatory approval. The Government's right to dividends and property of HARO on liquidation is limited to 94 per cent regardless of the number or class of shares owned of HARO. These shares are accounted for using the cost method.

- (ii) An Additional Loan Agreement (Additional Loan) between the Government and HARO was entered into on June 15, 1995, and \$149.5 million was advanced to HARO on July 31, 1995. HARO used the proceeds of this loan to purchase \$74.8 million of each of Series A and Series B convertible Crown Life debentures.

The Additional Loan's initial term expired December 15, 1997. At that time, HARO had the option to renew for a maximum of four five-year terms. The Government also has the option of extending the repayment term by two five-year terms, with no renewals by HARO or the Government extending beyond December 15, 2017, when all remaining balances of interest and principal become due. HARO did not exercise its option to renew by year end. Hence, the Additional Loan is due and payable on demand.

Interest on the Additional Loan of 4.88 per cent (1996 - 4.99 per cent) is calculated and payable on January 31 and July 31 annually. Payment of principal and interest is based on 100 per cent of the cash flow received by HARO from the Crown Life Debentures. No principal payments were made during the year.

The Government has a right to exchange the balance owing on the Additional Loan for either the Debentures of Crown Life owned by HARO or Crown Life shares. The security for the Additional Loan consists of all Crown Life Debentures owned by HARO. In the event of conversion to Crown Life shares by HARO, any securities acquired by HARO become security for the Additional Loan.

Subsequent to March 31, 1998, it was announced that Canada Life will acquire Crown Life's individual and group insurance operations in Canada (note 13).

Saskfor MacMillan Limited Partnership (Saskfor)

The Government, through its wholly-owned subsidiary CIC Forest Products Limited, holds a 50 per cent (1996 - 50 per cent) interest in Saskfor, a lumber and structural panel operation located in Hudson Bay, Saskatchewan. Saskfor is accounted for using the modified equity method.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 4 (continued) - Other Investments

Bi-Provincial Upgrader Joint Venture (Bi-Provincial)

As at December 31, 1997, the Government owned a 50 per cent (1996 - 50 per cent) interest in Bi-Provincial. Bi-Provincial is accounted for using the modified equity method.

The Government had a total of \$40.1 million (1996 - \$59.5 million) in advances to Bi-Provincial. Of this, \$3.1 million (1996 - \$22.5 million) bore a return allowance of prime plus 1 per cent which was 7.0 per cent at December 31, 1997 (1996 - 5.75 per cent).

On February 19, 1998, the Government sold its interest in Bi-Provincial to Husky Oil Operations Ltd. for total proceeds of \$310.0 million generating a gain on sale of \$102.2 million. The proceeds are receivable in two equal instalments. The first instalment was received on February 19, 1998 and the second instalment is due January 29, 1999.

Wascana Energy Inc.

In April, 1997, the Government sold its 5,842,910 common shares of Wascana Energy Inc. for total proceeds of \$119.8 million generating a gain on sale of \$72.6 million.

Meadow Lake Pulp Limited Partnership (MLPLP)

The Government, through its wholly-owned subsidiary CIC Pulp Ltd., owns a 49 per cent (1996 - 49 per cent) interest in a pulp mill located near Meadow Lake, Saskatchewan. MLPLP is accounted for using the modified equity method.

In addition to its equity interest in MLPLP, the Government has also provided the following loans:

- The Participating Debenture (\$51.2 million) bears interest at 11.15 per cent calculated on October 31 of each year.
- The Term Loan (\$10.2 million) bears interest at prime plus 2.0 per cent, which is 8.0 per cent at December 31, 1997 (1996 - 5.0 per cent). Interest on this loan is being paid monthly.
- The Contingency Loan (\$5.5 million) bears interest at prime plus 1.0 per cent which is 7.0 per cent at December 31, 1997 (1996 - 5.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance.

The Government records, as a separate loan (Interest Loan), the accrued interest receivable from the Participating Debenture. Interest on the Interest Loan, at 11.15 per cent, is calculated on October 31 of each year and is added to the principal balance outstanding on the loan. Interest income earned and forming part of the Interest Loan is recorded as deferred interest income due to the timing uncertainty of future cash payments. The deferred interest income will be recorded as income when payments are received under the cash availability formula.

Any payments to be made on the Participating Debenture, the Contingency Loan and the Interest Loan are subject to available cash flows as defined in the loan agreements. Payments towards principal outstanding on the Term Loan are due in two equal instalments after MLPLP has fully repaid an external bank loan. The Contingency Loan, Term Loan, Participating Debenture and Interest Loan mature in the year 2014. The remaining balance outstanding on the Interest Loan and Participating Debenture on October 31, 2014 shall bear interest at a rate equal to the short-term cost of borrowing for the Province of Saskatchewan, which is 4.76 per cent at December 31, 1997 (1996 - 3.13 per cent), until paid in full. Due to the uncertainty of cash flows from MLPLP, the Government's Participating Debenture is shown net of a provision for loan losses of \$30.0 million (1996 - \$30.0 million).

NewGrade Energy Inc. (NewGrade)

The Government owns 50 per cent (1996 - 50 per cent) of the outstanding voting participating shares of NewGrade. These shares are accounted for using the modified equity method. The Government also holds certain promissory notes due on demand from NewGrade that bear interest at Bank of Montreal prime rate, which is 6.0 per cent (1996 - 4.75 per cent).

In addition, should there be any operating shortfall at the end of any year, the Government will loan NewGrade up to \$2.0 million, escalated by inflation, in the form of a Subordinated Operations Fee Amount after Consumers Co-operative Refinery Ltd. (CCRL) has provided its \$2.0 million Subordinated Operations Fee Amount. If these loans do not cover all cash shortfalls, then the Government will loan NewGrade up to \$4.0 million as a Cash Flow Deficiency Loan on a pro-rata basis with CCRL. If this facility is exhausted, the Government will loan NewGrade the remainder to cover any other annual operating shortfalls. These loans, if any, will bear interest at CCRL's rate of borrowing. CCRL's required Cash Flow Deficiency Loans cannot exceed \$40.0 million outstanding at any time.

Market Values

The market value of the Government's only publicly traded investment held at March 31, 1998 was as follows (millions of dollars):

| | | |
|--------------|----|-------|
| Cameco | \$ | 235.9 |
|--------------|----|-------|

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 5 - Accounts Payable and Accrued Liabilities

| | (thousands of dollars) | |
|---|------------------------|---------------------|
| | 1998 | 1997 |
| Transfers..... | \$ 356,269 | \$ 375,584 |
| Accrued interest..... | 275,901 | 299,344 |
| Supplier payments..... | 177,233 | 158,997 |
| Transfers to the federal government..... | 132,487 | 182,162 |
| Accrued employee benefits..... | 125,226 | 124,619 |
| Capital lease obligations (note 11)..... | 55,310 | 57,335 |
| Public employee benefit plans claims payable..... | 47,277 | 55,608 |
| Other..... | 95,383 | 89,954 |
| Total Accounts Payable and Accrued Liabilities | \$ 1,265,086 | \$ 1,343,603 |

Schedule 6 - Other Liabilities

| | (thousands of dollars) | |
|--|------------------------|-------------------|
| | 1998 | 1997 |
| Funds held on behalf of government enterprises and others | | |
| Saskatchewan Liquor and Gaming Authority..... | \$ 386,206 | \$ 450,509 |
| Queen's Bench Court Account..... | 5,908 | 6,348 |
| Public Employees' Pension Plan..... | 2,545 | 2,247 |
| Public Trustee's Trust Account..... | 1,707 | 2,466 |
| Beef Development Board..... | 1,659 | 1,848 |
| Others..... | 14,403 | 18,728 |
| | 412,428 | 482,146 |
| Other..... | 3,156 | 2,839 |
| Total Other Liabilities | \$ 415,584 | \$ 484,985 |

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 7 - Public Debt

| | (thousands of dollars) | | | |
|--|-------------------------|---------------------------------------|----------------------|----------------------|
| | 1998 | | 1997 | |
| | Gross Public Debt | Less Sinking Funds ⁵ | Public Debt | Public Debt |
| Government Service Organizations | | | | |
| General Revenue Fund ¹ | \$ 8,132,676 | \$ 262,474 | \$ 7,870,202 | \$ 8,097,385 |
| Crown Investments Corporation of Saskatchewan (non-consolidated) ² | 669,602 | 307,774 | 361,828 | 546,905 |
| Saskatchewan Housing Corporation..... | 222,239 | - | 222,239 | 266,485 |
| Agricultural Credit Corporation of Saskatchewan..... | 270,208 | 145,474 | 124,734 | 210,464 |
| Saskatchewan Opportunities Corporation..... | 90,434 | - | 90,434 | 71,766 |
| Saskatchewan Water Corporation..... | 41,293 | 1,463 | 39,830 | 40,991 |
| Saskatchewan Transportation Company..... | - | - | - | 23,400 |
| Prince Albert District Health Board..... | 6,599 | - | 6,599 | 5,475 |
| Saskatchewan Development Fund Corporation..... | 1,355 | - | 1,355 | 1,654 |
| Saskatoon District Health Board..... | 1,225 | - | 1,225 | 992 |
| Debt of Government Service Organizations³ | 9,435,631 | 717,185 | 8,718,446 | 9,265,517 |
| Government Enterprises | | | | |
| Saskatchewan Power Corporation..... | 1,909,217 | 222,143 | 1,687,074 | 1,832,037 |
| SaskEnergy Incorporated..... | 732,865 | 30,765 | 702,100 | 724,217 |
| Saskatchewan Telecommunications Holding Corporation..... | 468,708 | 87,221 | 381,487 | 382,725 |
| Municipal Financing Corporation of Saskatchewan..... | 84,167 | - | 84,167 | 87,667 |
| Saskatchewan Gaming Corporation..... | 31,073 | - | 31,073 | 34,170 |
| | 3,226,030 | 340,129 | 2,885,901 | 3,060,816 |
| Net increase to March 31..... | 78,720 | 17,935 | 60,785 | 65,713 |
| Debt of Government Enterprises⁴ | 3,304,750 | 358,064 | 2,946,686 | 3,126,529 |
| Total Public Debt⁵ | \$ 12,740,381 | \$ 1,075,249 | \$ 11,665,132 | \$ 12,392,046 |

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

¹ General Revenue Fund debt is shown net of \$2,863.9 million (1997 - \$3,034.5 million) reimbursable from government enterprises, \$817.9 million (1997 - \$1,154.0 million) reimbursable from government service organizations and \$1.8 million (1997 - \$0) borrowed from other government organizations.

² Crown Investments Corporation of Saskatchewan (non-consolidated) is shown net of \$0 million (1997 - \$23.4 million) reimbursable from government service organizations.

³ This amount includes Canada Pension Plan debentures of \$732.6 million (1997 - \$801.9 million) at a weighted average interest rate of 11.95%, ranging from 9.17% to 17.51%. Of this amount, \$76.0 million is payable within one year. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

⁴ The debt of government enterprises is as presented in their audited financial statements closest to March 31, 1998. The balance is adjusted for the net change to March 31, 1998. This amount includes Canada Pension Plan debentures of \$720.2 million (1997 - \$720.2 million) at a weighted average interest rate of 10.78%, ranging from 9.04% to 14.06%. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

⁵ See Schedule 8 for information on sinking funds.

⁶ See Schedule 9 for information on debt by maturity.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 8 - Sinking Funds

| | (thousands of dollars) | | | | |
|--|------------------------|-------------------|------------------|---------------------|---------------------|
| | 1997 | 1998 | | | |
| | Sinking Funds | Contributions | Earnings | Less Redemptions | Sinking Funds |
| Government Service Organizations | | | | | |
| General Revenue Fund..... | \$ 197,115 | \$ 41,265 | \$ 24,094 | \$ - | \$ 262,474 |
| Agricultural Credit Corporation of Saskatchewan..... | 59,744 | 80,100 | 5,630 | - | 145,474 |
| Crown Investments Corporation of Saskatchewan..... | 188,129 | 119,780 | 15,060 | 15,195 | 307,774 |
| Saskatchewan Water Corporation..... | 1,839 | 605 | 156 | 1,137 | 1,463 |
| Sinking Funds of Government Service Organizations | 446,827 | 241,750 | 44,940 | 16,332 | 717,185 |
| Government Enterprises | | | | | |
| Saskatchewan Power Corporation..... | 229,403 | 28,084 | 20,746 | 56,090 | 222,143 |
| SaskEnergy Incorporated..... | 24,248 | 3,729 | 2,788 | - | 30,765 |
| Saskatchewan Telecommunications Holding Corporation..... | 102,971 | 3,415 | 8,750 | 27,915 | 87,221 |
| | 356,622 | 35,228 | 32,284 | 84,005 | 340,129 |
| Increase (decrease) to March 31..... | (33,267) | (1,046) | 2,505 | (49,743) | 17,935 |
| Sinking Funds of Government Enterprises | 323,355 | 34,182 | 34,789 | 34,262 | 358,064 |
| Total Sinking Funds | \$ 770,182 | \$ 275,932 | \$ 79,729 | \$ 50,594 | \$ 1,075,249 |

The market value of sinking funds, at March 31, 1998, is \$1,153.7 million (1997 - \$814.1 million).

Sinking fund earnings include gains on investment sales of \$14.7 million (1997 - \$5.8 million).

The total sinking fund assets have been disclosed net of \$2.7 million in liabilities (1997 - \$1.7 million).

Annual contributions, when established by Order in Council, are set at not less than one per cent of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

| | (thousands of dollars) |
|----------------|------------------------|
| 1998-99..... | \$ 58,642 |
| 1999-2000..... | 61,059 |
| 2000-01..... | 60,127 |
| 2001-02..... | 60,219 |
| 2002-03..... | 60,219 |
| | \$ 300,266 |

Sinking fund assets have been invested as follows:

| | (thousands of dollars) | |
|--|------------------------|-------------------|
| | 1998 | 1997 |
| Long-term Investments | | |
| Province of Saskatchewan securities; coupon interest range 5.5% to 13.0%; maturing in .4 to 27.2 years..... | \$ 628,111 | \$ 406,375 |
| Government of Canada securities; coupon interest range 5.0% to 11.75%; maturing in .65 to 25.3 years..... | 105,766 | 33,281 |
| Other provincial governments' securities; coupon interest range 5.75% to 11.25%; maturing in 1.55 to 31 years..... | 193,978 | 131,946 |
| Corporate and municipal securities..... | - | 200 |
| Government of the United States securities; coupon interest rate 6.875%; maturing in 27.5 years..... | 1,490 | 6,246 |
| Other..... | 145,904 | 192,134 |
| Total Sinking Fund Investments | \$ 1,075,249 | \$ 770,182 |

Included are U.S. dollar long-term investments converted to \$173.5 million Canadian (1997 - \$115.6 million) at the exchange rate in effect at March 31, 1998, 1.4166 (March 31, 1997, 1.3843).

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 9 - Public Debt by Maturity

(thousands of dollars)

| Year of Maturity | 1998 | | | | 1997 | |
|---|----------------------------|---------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| | Canadian Dollar Debt | U.S. Dollar Debt (CDN \$) | Total (CDN \$) | Average Interest Rate | Total (CDN\$) | Average Interest Rate |
| Government Service Organizations | | | | | | |
| Short-term promissory notes..... | \$ 128,860 | \$ - | \$ 128,860 | 4.70% | \$ 85,600 | 3.08% |
| 1997-98..... | - | - | - | - | 673,004 | 8.79% |
| 1998-99..... | 1,045,284 | - | 1,045,284 | 9.35% | 1,073,834 | 9.23% |
| 1999-2000..... | 1,231,436 | - | 1,231,436 | 8.43% | 1,235,087 | 8.43% |
| 2000-01..... | 1,248,997 | - | 1,248,997 | 10.41% | 1,303,697 | 10.43% |
| 2001-02..... | 896,234 | - | 896,234 | 7.31% | 940,406 | 8.40% |
| 2002-03..... | 569,641 | - | 569,641 | 8.29% | - | - |
| 1-5 years | 5,120,452 | - | 5,120,452 | - | 5,311,628 | - |
| 6-10 years..... | 1,478,276 | - | 1,478,276 | 8.73% | 1,827,220 | 9.14% |
| 11-15 years..... | 778,885 | 566,640 | 1,345,525 | 10.79% | 472,289 | 10.14% |
| 16-20 years..... | 591,003 | 318,735 | 909,738 | 9.22% | 1,532,355 | 8.79% |
| 21-25 years..... | 15,000 | 566,640 | 581,640 | 9.05% | 430,422 | 9.22% |
| Thereafter..... | - | - | - | - | 138,430 | 8.50% |
| | <u>\$ 7,983,616</u> | <u>\$ 1,452,015</u> | <u>9,435,631</u> | | <u>9,712,344</u> | |
| Less: Sinking funds | | | (717,185) | | (446,827) | |
| Debt of Government Service Organizations | | | 8,718,446 | | 9,265,517 | |
| Government Enterprises | | | | | | |
| Short term promissory notes..... | \$ 34,700 | \$ - | \$ 34,700 | 4.70% | \$ 74,400 | 3.08% |
| 1997-98..... | - | - | - | - | 10,289 | 6.68% |
| 1998-99..... | 86,573 | - | 86,573 | 8.67% | 86,461 | 8.67% |
| 1999-2000..... | 4,652 | - | 4,652 | 9.07% | 54,651 | 9.81% |
| 2000-01..... | 54,965 | - | 54,965 | 10.82% | 127,118 | 11.35% |
| 2001-02..... | 10,521 | - | 10,521 | 1.12% | 12,016 | 3.66% |
| 2002-03..... | 479,110 | - | 479,110 | 12.45% | - | - |
| 1-5 years | 670,521 | - | 670,521 | - | 364,935 | - |
| 6-10 years..... | 948,838 | 345,650 | 1,294,488 | 9.31% | 1,359,513 | 11.00% |
| 11-15 years..... | 237,040 | - | 237,040 | 9.52% | 638,078 | 8.58% |
| 16-20 years..... | - | 106,245 | 106,245 | 7.38% | 103,822 | 7.38% |
| 21-25 years..... | 250,000 | 566,640 | 816,640 | 9.14% | 526,860 | 9.48% |
| Thereafter..... | 179,816 | - | 179,816 | 8.88% | 456,676 | 8.65% |
| | <u>\$ 2,286,215</u> | <u>\$ 1,018,535</u> | <u>3,304,750</u> | | <u>3,449,884</u> | |
| Less: Sinking funds | | | (358,064) | | (323,355) | |
| Debt of Government Enterprises | | | 2,946,686 | | 3,126,529 | |
| Total Public Debt | | | \$ 11,665,132 | | \$ 12,392,046 | |

See page 64 for additional information.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 9 (continued) - Public Debt by Maturity

U.S. dollar debentures have been converted to Canadian dollars at the exchange rate in effect at March 31, 1998 (1.4166) and March 31, 1997 (1.3843).

The debt of government service organizations includes Canada Pension Plan debentures of \$732.6 million (1997 - \$801.9 million) at a weighted average interest rate of 11.95 per cent, ranging from 9.17 per cent to 17.51 per cent. Of this amount, \$76.0 million is payable within one year. The debt of government enterprises includes Canada Pension Plan debentures of \$720.2 million (1997 - \$720.2 million) at a weighted average interest rate of 10.78 per cent, ranging from 9.04 per cent to 14.06 per cent. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

Debt includes debentures of \$1,347.9 million (1997 - \$1,298.0 million) redeemable annually at the option of the holder or anytime on the death of the holder. \$55.1 million of this amount is payable within one year.

Included in total public debt are the following amounts:

- debentures totalling 22.5 billion yen (1997 - 27.5 billion) fully hedged to \$259.2 million Canadian (1997 - \$305.0 million).
- debentures totalling 550.0 million U.S. dollars (1997 - 550.0 million) fully hedged to \$744.9 million Canadian (1997 - \$744.9 million).
- debentures totalling 500.0 million Deutschemarks (1997 - 900.0 million) fully hedged to \$374.9 million Canadian (1997 - \$616.6 million).
- debentures totalling 400.0 million Swiss francs (1997 - 650.0 million) fully hedged to \$292.0 million Canadian (1997 - \$478.9 million).

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 10 - Guaranteed Debt

(thousands of dollars)

| | 1998 | 1997 |
|--|-------------------|-------------------|
| The Industry and Commerce Development Act | | |
| Saskferco Products Inc. | \$ 199,361 | \$ 236,662 |
| The NewGrade Energy Inc. Act | | |
| NewGrade Energy Inc. | 169,949 | 196,867 |
| Crown Investments Corporation of Saskatchewan (non-consolidated) | | |
| NewGrade Energy Inc. | 129,821 | 150,383 |
| IPSCO Inc. | - | 48,423 |
| The Saskatchewan Housing Corporation Act | | |
| Home improvement loan program | 12,928 | 35,912 |
| Mortgage guarantee program | 11,248 | 14,956 |
| The Power Corporation Act | | |
| Manalta Coal | 30,768 | 32,685 |
| National Trust Company | 17,160 | 18,626 |
| The Farm Financial Stability Act | | |
| The Breeder associations loan guarantees..... | 23,629 | 21,002 |
| The Feeder associations loan guarantees..... | 10,097 | 18,941 |
| Other | 21,661 | 17,241 |
| Total Guaranteed Debt | \$ 626,622 | \$ 791,698 |

Total guaranteed debt is net of a loss provision of \$0.6 million (1997 - \$4.6 million).

In addition to the amount shown, there is a contingent liability for interest accrued on these items.

See page 66 for additional information.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 10 (continued) - Guaranteed Debt

Saskferco Products Inc.

The Government has guaranteed certain medium term notes issued by Saskferco to finance the construction of a nitrogen based fertilizer plant located near Belle Plain.

This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of \$98.1 million (1997 - \$54.0 million) for Saskferco's equity in a sinking fund.

NewGrade Energy Inc. (NewGrade)

The Government has indemnified the Government of Canada for its guarantee of NewGrade's long term debt, to a maximum of \$275 million. At March 31, 1998, the Government's guarantee is \$129.8 million (1997 - \$150.4 million).

The Government has also guaranteed certain long term debt of NewGrade to a maximum of \$360 million. A significant portion of this guarantee relates to U.S. denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. At March 31, 1998, the Government's guarantee is \$169.9 million (1997 - \$196.9 million).

Home Improvement Loan Program

From 1986 to 1990, the Government provided loan guarantees to lenders pursuant to the Home Improvement Loan Program. Loans are guaranteed to a maximum of \$10 thousand and are amortized over periods not exceeding ten years.

Losses on individual loan guarantees are provided for on the basis of claims submitted by lenders to the Government. Subsequent cash recoveries from borrowers are recorded as other revenue.

Saskatchewan Mortgage Guarantee Program

During 1986 and 1987, the Government provided mortgage guarantees to lenders financing certain new housing construction.

Losses on individual mortgage guarantees are provided for on the basis of claims received and mortgage arrears as reported to the Government by lenders.

Manalta Coal

The Government has guaranteed a \$45 million promissory note issued by Manalta to finance the purchase of a dragline from Saskatchewan Power Corporation. The note is due in 2003. The amount recorded is net of \$14.2 million (1997 - \$12.3 million) for Manalta's equity in a sinking fund administered by the Minister of Finance.

National Trust Company

The Government is contingently liable for payments on certain leased mining equipment, which was assumed by the purchaser of a mining operation. The lease expires in 2004.

Other

Other includes guarantees under \$10 million.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 11 - Revenue

(thousands of dollars)

| | 1998 | 1997 (Restated) |
|--|---------------------|---------------------|
| Taxation | | |
| Corporation capital..... \$ | 267,792 | \$ 242,304 |
| Corporation income..... | 217,116 | 231,620 |
| Fuel..... | 376,933 | 365,452 |
| Individual income..... | 1,327,582 | 1,277,191 |
| Sales..... | 753,043 | 840,962 |
| Tobacco..... | 123,631 | 116,869 |
| Other..... | 49,477 | 50,970 |
| Total Taxes | 3,115,574 | 3,125,368 |
| Non-renewable Resources | | |
| Coal..... | 17,432 | 15,088 |
| Natural gas..... | 44,050 | 53,017 |
| Oil..... | 488,712 | 690,720 |
| Potash..... | 189,487 | 87,617 |
| Uranium..... | 38,493 | 57,946 |
| Water..... | 20,758 | 19,470 |
| Other..... | 3,286 | 3,256 |
| Total Non-renewable Resources | 802,218 | 927,114 |
| Gain on Sale of Investments | 174,819 | 25,259 |
| Other Own-source Revenue | | |
| Equity investments..... | 43,971 | 34,163 |
| Other interest and investments..... | 111,213 | 105,304 |
| Fees/permits/licences..... | 373,104 | 314,980 |
| Insurance..... | 99,097 | 120,538 |
| Miscellaneous..... | 159,571 | 170,599 |
| Total Other Own-source Revenue | 786,956 | 745,584 |
| Total Own-source Revenue | 4,879,567 | 4,823,325 |
| Transfers from the Federal Government | | |
| Canada Health and Social Transfer..... | 446,361 | 485,860 |
| Crop insurance premium contributions..... | 51,570 | 48,765 |
| Equalization..... | 8,258 | 175,915 |
| Housing subsidy..... | 57,968 | 20,229 |
| Other..... | 111,268 | 121,866 |
| Total Transfers from the Federal Government | 675,425 | 852,635 |
| Total Revenue | \$ 5,554,992 | \$ 5,675,960 |

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 12 - Gains and Losses on Loans and Investments

| (thousands of dollars) | | | |
|--|-------------------|-----------|---------------|
| | 1998 | | 1997 |
| Gain on sale of investments..... | \$ 174,819 | \$ | 25,259 |
| Earnings (losses) from equity investments | | | |
| Bi-Provincial Upgrader..... | 25,267 | | 1,978 |
| Saskferco Products Inc..... | 19,133 | | 31,209 |
| NewGrade Energy Inc..... | 16,067 | | 11,795 |
| Saskfor MacMillan Limited Partnership..... | 3,413 | | 8,312 |
| Cameco..... | - | | 4,900 |
| Meadow Lake Pulp Limited Partnership..... | (20,696) | | (22,801) |
| Other..... | 787 | | (1,230) |
| Net Gain on Loans and Investments | \$ 218,790 | \$ | 59,422 |

Schedule 13 - Net Change in Non-cash Operating Activities

| (thousands of dollars) | | | |
|--|------------------|-----------|----------------|
| | 1998 | | 1997 |
| Decrease (increase) in prepaid expenditures..... | \$ 721 | \$ | (850) |
| Decrease (increase) in accounts receivable..... | (94,176) | | 401,994 |
| Decrease (increase) in inventories held for resale..... | (914) | | (2,077) |
| Decrease (increase) in deferred charges..... | 13,906 | | 9,197 |
| Decrease (increase) in loans receivable..... | 210,342 | | 100,441 |
| Increase (decrease) in accounts payable and accrued liabilities..... | (78,517) | | (34,857) |
| Increase (decrease) in unearned revenue..... | 18,440 | | 10,499 |
| Net Change in Non-cash Operating Activities | \$ 69,802 | \$ | 484,347 |

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 14 - Reporting Entity

Government Service Organizations (Consolidated)

Agricultural Credit Corporation of Saskatchewan
 Agricultural Implements Board
 Agri-Food Equity Fund¹
 Agri-Food Innovation Fund
 Associated Entities Fund
 Big Game Damage Compensation Fund¹
 Board of Governors, Uranium City Hospital
 Carlton Trail Regional College
 Cattle Marketing Deductions Fund
 CIC Industrial Interests Inc.
 CIC Mineral Interests Corporation²
 Commercial Revolving Fund
 Conservation and Development Revolving Fund
 Correctional Facilities Industries Revolving Fund
 Correspondence School Revolving Fund
 Crop Reinsurance Fund of Saskatchewan
 Crown Investments Corporation of Saskatchewan
 (non-consolidated)
 Cumberland Regional College
 Cypress Hills Regional College
 Extended Health Care Plan
 Extended Health Care Plan for Certain Other Employees
 Fish and Wildlife Development Fund
 General Revenue Fund
 Health Services Utilization and Research Commission
 Highways Revolving Fund
 Horned Cattle Fund
 La Ronge Hospital Board
 Law Reform Commission of Saskatchewan
 Learning Resources Distribution Centre Revolving Fund
 Livestock Services Revolving Fund
 Milk Control Board
 New Careers Corporation
 North West Regional College
 Northern Revenue Sharing Trust Account
 Northlands College
 Oil and Gas Environmental Fund
 Parkland Regional College
 Prairie Agricultural Machinery Institute
 Prairie West Regional College
 Prince Albert District Health Board
 Public Employees Benefits Agency Revolving Fund
 Public Employees Dental Fund
 Public Employees Disability Income Fund
 Public Employees Group Life Insurance Fund
 Queen's Printer Revolving Fund
 Regina District Health Board

Resource Protection and Development Revolving Fund
 Saskatchewan Archives Board
 Saskatchewan Arts Board
 Saskatchewan Cancer Foundation
 Saskatchewan Centre of the Arts Fund
 Saskatchewan Communications Network Corporation
 Saskatchewan Crop Insurance Corporation
 Saskatchewan Development Fund Corporation
 Saskatchewan Energy Conservation and Development Authority²
 Saskatchewan Grain Car Corporation
 Saskatchewan Health Information Network¹
 Saskatchewan Heritage Foundation
 Saskatchewan Housing Corporation
 Saskatchewan Indian Regional College
 Saskatchewan Institute of Applied Science and Technology
 Saskatchewan Legal Aid Commission
 Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation
 Saskatchewan Opportunities Corporation
 Saskatchewan Property Management Corporation
 Saskatchewan Research Council
 Saskatchewan Student Aid Fund
 Saskatchewan Transportation Company
 Saskatchewan Water Corporation
 Saskatchewan Western Development Museum
 Saskatchewan Wetland Conservation Corporation
 Saskatoon District Health Board
 Southeast Regional College
 St. Louis Alcoholism Rehabilitation Centre
 Transportation Partnerships Corporation²
 Transportation Partnerships Fund¹
 Victims' Fund
 Water Appeal Board

Government Enterprises (Modified Equity Method)

Municipal Financing Corporation of Saskatchewan
 Saskatchewan Auto Fund
 SaskEnergy Incorporated
 Saskatchewan Forest Products Corporation
 Saskatchewan Gaming Corporation
 Saskatchewan Government Growth Fund Management Corporation
 Saskatchewan Government Insurance
 Saskatchewan Liquor and Gaming Authority
 Saskatchewan Power Corporation
 Saskatchewan Telecommunications Holding Corporation
 Workers' Compensation Board (Saskatchewan)

¹ Organization established during 1997-98.

² Organization wound-up during 1997-98.

**General Revenue Fund - Details of Debentures
(unaudited)**

General Revenue Fund

Public Issue Debentures

| Date of Issue | Date of Maturity | Interest | | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 1997-98 |
|--|------------------|----------|-------------------|----------|---|--|-------------------------|-----------------------------------|-----------------------------------|
| | | Rate % | Interest Payments | | | | | | |
| Feb. 2/88 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | May 1/98 | 10¼ | Semiannual | Can. | GRF..... | 10,700,000 | 10,700,000 | --- | --- |
| July 3/91 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | July 3/98 | 10% | Semiannual | Can. | GRF..... CIC..... SaskEnergy..... | 300,000,000 250,000,000 50,000,000 | 600,000,000 | 181,911,078 | 83,845,758 |
| July 15/93 (Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1994; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | July 15/98 | 6 | Annual | Can. | GRF..... | 55,081,100 | 55,081,100 | --- | --- |
| Sept. 11/95 (Non-callable; Payable in Toronto) | Nov. 2/98 | 7.65 | Semiannual | Can. | CIC..... ACS..... | 100,000,000 30,000,000 | 130,000,000 | 96,837,875 | 57,433,897 |
| Feb. 19/92 (The original issue of 8¼% 300,000,000 Deutschmarks has been converted to Canadian dollars resulting in an all-in-cost of 9¼%; Non-callable; Payable in Frankfurt) | Feb. 6/99 | 9.14 | Semiannual | Can. | GRF..... | 220,784,929 | 220,784,929 | --- | --- |
| July 6/89 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | July 6/99 | 9% | Semiannual | Can. | GRF..... CIC..... | 225,000,000 25,000,000 | 250,000,000 | --- | --- |
| July 15/94 (Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1995; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | July 15/99 | 8 | Annual | Can. | GRF..... | 769,976,600 | 769,976,600 | --- | --- |
| Feb. 14/96 (Non-callable; Payable in London) | Feb. 14/00 | 6¾ | Annual | Can. | GRF..... | 125,000,000 | 125,000,000 | --- | --- |
| July 12/90 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | July 12/00 | 11¼ | Semiannual | Can. | GRF..... | 425,000,000 | 425,000,000 | --- | --- |
| July 15/95 (Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1996; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | July 15/00 | 6¾ | Annual | Can. | GRF..... | 158,081,500 | 158,081,500 | --- | --- |
| Aug. 17/90 (The original issue of 7% 200,000,000 Swiss Franc debentures has been swapped into Canadian dollars with an effective cost of funds of 10.868%; Non-callable; Payable in Zurich) | Aug. 17/00 | 10.868 | Annual | Can. | GRF..... | 146,660,000 | 146,660,000 | --- | --- |
| Oct. 31/95 (Non-callable; Payable in Regina) | Oct. 31/00 | 7¾ | Semiannual | Can. | GRF..... | 5,000,000 | 5,000,000 | --- | --- |

General Revenue Fund
Public Issue Debentures

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 1997-98 |
|--|------------------|-----------------|-------------------|----------|------------------|--------------------|-------------------------|-----------------------------------|-----------------------------------|
| Jan. 9/91 | Jan. 9/01 | 11 | Semiannual | Can. | GRF..... | 285,000,000 | | | |
| | | | | | ACS..... | 140,000,000 | | | |
| | | | | | SaskEnergy..... | 50,000,000 | 475,000,000 | 123,835,053 | 58,600,000 |
| (Non-Callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| April 10/91 | April 10/01 | 10.57 | Annual | Can. | GRF..... | 145,360,000 | 145,360,000 | --- | --- |
| (The original issue of 7½% 200,000,000 Swiss Franc debentures has been swapped to Canadian dollars with an effective cost of funds of 10.57%; Non-callable; Payable in Zurich) | | | | | | | | | |
| March 28/91 | June 1/01 | 10½ | Semiannual | Can. | GRF..... | 150,000,000 | 150,000,000 | --- | --- |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| March 28/91 | June 1/01 | 8½ | Semiannual | Can. | CIC..... | 111,168,000 | 111,168,000 | 50,664,517 | --- |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| July 15/96 | July 15/01 | 5½ | Annual | Can. | GRF..... | 178,717,400 | 178,717,400 | --- | --- |
| (Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1997; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |
| Oct. 10/96 | Oct. 10/01 | 6.125 | Semiannual | Can. | GRF..... | 200,000,000 | 200,000,000 | --- | --- |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| July 15/97 | July 15/02 | 4 | Annual | Can. | GRF..... | 186,008,700 | 186,008,700 | --- | --- |
| (Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1998; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan) | | | | | | | | | |
| July 29/92 | July 29/02 | 8½ | Semiannual | Can. | GRF..... | 47,700,000 | 47,700,000 | --- | --- |
| (The original 6.04% 5,000,000,000 Japanese Yen loan has been converted by forward contract to Canadian dollars resulting in an all-in-cost of 8½%; Non-callable; Payable in Tokyo) | | | | | | | | | |
| Sept. 30/92 | Sept. 30/02 | 8.21 | Semiannual | Can. | GRF..... | 49,613,664 | 49,613,664 | --- | --- |
| (The original 6% 5,000,000,000 Japanese Yen loan has been converted by forward contract to Canadian dollars resulting in an all-in-cost of 8.21%; Non-callable; Payable in Tokyo) | | | | | | | | | |
| Dec. 1/82 | Dec. 1/02 | 13 | Semiannual | Can. | SaskTel..... | 68,088,000 | | | |
| | | | | | SaskPower..... | 63,574,000 | 131,662,000 | 54,142,022 | 1,430,880 |
| (Callable in whole but not in part on any interest payment date on or after December 1, 2000; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |

General Revenue Fund Public Issue Debentures

| Date of Issue | Date of Maturity | Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 1997-98 |
|--|------------------|--------|-------------------|----------|---|---|-------------------------|-----------------------------------|-----------------------------------|
| Feb. 12/93 (The original 200,000,000 Deutschemark issue carried interest at 11% paid annually for two years and a floating interest rate paid semi-annually for the remaining term of the debentures. Principal and interest payments have been converted by forward contract to Canadian dollars with an all-in-cost of 9.055%; Non-callable; Payable in Frankfurt/Main, Zurich, London, Luxembourg) | Feb. 12/03 | 9.055 | Semiannual | Can. | CIC..... | <u>154,107,820</u> | 154,107,820 | --- | --- |
| March 30/83 (Callable in whole but not in part on any interest payment date on or after March 30, 2001; Payable at any Canadian branch of the Royal Bank of Canada) | March 30/03 | 12¼ | Semiannual | Can. | SaskPower..... SaskTel..... SaskEnergy..... | <u>100,000,000</u> <u>20,605,000</u> <u>222,934,000</u> | 343,539,000 | 119,220,880 | 3,435,390 |
| June 15/78 (Callable as a whole on June 15, 1998 or on any interest payment date thereafter; Payable at any Canadian branch of the Royal Bank of Canada) | June 15/03 | 9½ | Semiannual | Can. | SaskPower..... SaskTel..... | <u>45,000,000</u> <u>30,000,000</u> | 75,000,000 | 65,563,632 | 16,750,000 |
| July 20/93 (The General Revenue Fund \$150,000,000 U.S. share of this issue has been swapped into Canadian dollars with an effective interest rate of 8.32%; Non-callable; Payable in New York) | July 15/03 | 6% | Semiannual | U.S. | GRF..... SaskPower..... | <u>191,850,000</u> <u>50,000,000*</u> | 241,850,000 | 13,680,303 | 2,762,200 |
| Aug. 31/93 (The original 5.2% 2,500,000,000 Japanese Yen loan has been swapped into Canadian dollars with an effective interest rate of 8.2%; Non-callable; Payable in Tokyo) | Aug. 31/03 | 8.2 | Semiannual | Can. | GRF..... | <u>31,040,865</u> | 31,040,865 | --- | --- |
| May 10/94 (The original 4.48% 5,000,000,000 Japanese Yen loan has been swapped into Canadian dollars with an effective interest rate of 8.82%; Payable in Tokyo) | May 10/04 | 8.82 | Semiannual | Can. | GRF..... | <u>67,116,600</u> | 67,116,600 | --- | --- |
| May 15/79 (Callable in whole but not in part on May 15, 1999 or on any interest payment date thereafter; Payable at any Canadian branch of the Royal Bank of Canada) | May 15/04 | 10 | Semiannual | Can. | SaskPower..... SaskTel..... | <u>60,000,000</u> <u>33,196,000</u> | 93,196,000 | 57,664,684 | 931,960 |
| July 26/94 (The original 8% \$400,000,000 U.S. debentures have been swapped into Canadian dollars in two parts. One part has a cost of about 9.83%; the other has a floating rate of interest at the three month Bankers' Acceptance rate minus 0.465%, reset quarterly; Payable in New York) | July 15/04 | Var. | Semiannual | Can. | GRF..... | <u>553,094,588</u> | 553,094,588 | 19,452,322 | 5,524,400 |
| Aug. 16/94 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | Aug. 16/04 | 9½ | Semiannual | Can. | GRF..... | <u>300,000,000</u> | 300,000,000 | 10,569,532 | 3,000,000 |
| Dec. 30/86 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | Dec. 30/04 | 9% | Semiannual | Can. | SaskPower..... SaskEnergy..... | <u>89,300,000</u> <u>10,700,000</u> | 100,000,000 | --- | --- |

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 1997-98 |
|--|------------------|-----------------|-------------------|----------|------------------|--------------------|-------------------------|-----------------------------------|-----------------------------------|
| Dec. 19/95 | Dec. 19/05 | 7½ | Semiannual | Can. | GRF..... | 218,200,000 | | | |
| | | | | | SaskWater..... | 6,800,000 | | | |
| | | | | | SaskEnergy..... | 75,000,000 | 300,000,000 | 6,563,870 | 3,084,000 |
| (Non-callable; Payable in Toronto) | | | | | | | | | |
| Aug. 23/96 | Aug. 23/06 | 7.846 | Semiannual | Can. | GRF..... | 63,684,000 | 63,684,000 | --- | --- |
| (The original 3.451% 5,000,000,000 Japanese Yen loan has been converted by forward contract to Canadian dollars resulting in an all-in-cost of 7.846%; Non-callable; Payable in Tokyo) | | | | | | | | | |
| May 15/97 | May 15/07 | 6.65 | Semiannual | Can. | SaskEnergy..... | 30,000,000 | 30,000,000 | --- | --- |
| (Non-callable; Payable in Regina) | | | | | | | | | |
| March 2/83 | March 1/08 | 9 | Annual | Can. | SaskEnergy..... | 50,000,000 | 50,000,000 | --- | --- |
| (Non-callable; Payable in London and Toronto) | | | | | | | | | |
| March 15/93 | March 15/08 | 7½ | Semiannual | U.S. | SaskPower..... | 194,000,000 | 194,000,000* | 16,941,604 | 2,761,590 |
| (Non-callable; Payable in New York) | | | | | | | | | |
| Nov. 28/97 | May 28/08 | 5.50 | Semiannual | Can. | SOCO..... | 20,000,000 | 20,000,000 | --- | --- |
| (Non-callable; Payable in Regina) | | | | | | | | | |
| Feb. 26/98 | June 2/08 | 5.50 | Semiannual | Can. | GRF..... | 200,000,000 | | | |
| | | | | | SOCO..... | 25,000,000 | | | |
| | | | | | SaskEnergy..... | 25,000,000 | 250,000,000 | --- | --- |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Jan. 18/90 | Jan. 18/10 | 10 | Semiannual | Can. | GRF..... | 300,000,000 | 300,000,000 | 34,821,395 | 3,000,000 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Feb. 2/93 | Feb. 1/13 | 8 | Semiannual | U.S. | GRF..... | 400,000,000 | 400,000,000* | 33,673,172 | 5,825,200 |
| (Non-callable; Payable in New York) | | | | | | | | | |
| July 20/93 | July 15/13 | 7% | Semiannual | U.S. | GRF..... | 225,000,000 | | | |
| | | | | | SaskPower..... | 75,000,000 | 300,000,000* | 20,520,455 | 4,143,300 |
| (Non-callable; Payable in New York) | | | | | | | | | |
| March 14/91 | April 10/14 | 10½ | Semiannual | Can. | GRF..... | 583,916,000 | 583,916,000 | 48,937,958 | 5,839,160 |
| (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | | | | | | | | | |
| Dec. 1/65 | Dec. 1/15 | 5½ | Semiannual | Can. | GRF..... | 1,392,678 | | | |
| | | | | | U. of S. | 389,716 | 1,782,394 | --- | --- |
| (Payable in blended semi-annual payments of principal and interest totalling \$76,399.60. Prepayable in whole or in part any time prior to December 1, 2015, without penalty; Payable in Ottawa) | | | | | | | | | |
| Sept. 17/96 | Sept. 17/16 | 7.93 | Semiannual | Can. | SaskWater..... | 19,493,000 | 19,493,000 | --- | --- |
| (Serial note is payable in annual instalments; Non-callable; Payable in Regina) | | | | | | | | | |
| Dec. 20/90 | Dec. 15/20 | 9½ | Semiannual | U.S. | GRF..... | 100,000,000 | | | |
| | | | | | SaskPower..... | 100,000,000 | | | |
| | | | | | SaskTel..... | 100,000,000 | 300,000,000* | 25,405,646 | 2,848,400 |
| (Non-callable; Payable in New York) | | | | | | | | | |

General Revenue Fund

Public Issue Debentures

| Date of Issue | Date of Maturity | Interest Rate % | Interest Payments | Currency | Purpose of Issue | Amount Outstanding | Total Issue Outstanding | Equity of Applicable Sinking Fund | Sinking Fund Contribution 1997-98 |
|---|------------------|-----------------|-------------------|----------|-----------------------------------|----------------------------|-------------------------|-----------------------------------|-----------------------------------|
| Feb. 26/91 (Non-callable; Payable in New York) | Feb. 15/21 | 9½ | Semiannual | U.S. | GRF..... | 200,000,000 | 200,000,000* | 25,111,128 | 2,912,600 |
| Feb. 4/92 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | Feb. 4/22 | 9.6 | Semiannual | Can. | SaskPower..... SaskWater..... | 250,000,000 15,000,000 | 265,000,000 | 18,873,189 | 2,952,813 |
| July 21/92 (Non-callable; Payable in New York) | July 15/22 | 8½ | Semiannual | U.S. | GRF..... SaskPower..... | 100,000,000 200,000,000 | 300,000,000* | 26,359,922 | 4,143,300 |
| May 30/95 (Non-callable; Payable at any Canadian branch of the Royal Bank of Canada) | May 30/25 | 8¾ | Semiannual | Can. | SaskPower..... SaskEnergy..... | 100,000,000 75,000,000 | 175,000,000 | 4,014,605 | 1,750,000 |
| * Adjustment to reflect conversion of debentures quoted in foreign currencies to Canadian dollars using the exchange rate in effect at March 31, 1998 (U.S. \$1.4166) | | | | | | | 726,550,400 | --- | --- |
| | | | | | | | 11,009,884,560 | 1,054,764,842 | 272,974,848 |
| Various debentures issued to finance union hospital debt | | | | | | | 1,443,113 | --- | --- |
| Total | | | | | | | \$11,011,327,673 | \$1,054,764,842 | \$272,974,848 |

General Revenue Fund

Debentures Issued to the Minister of Finance of Canada

| Date of Issue | Date of Maturity | Interest Rate % | Amount Outstanding |
|--|----------------------------|--------------------|-------------------------|
| Canada Pension Plan Investment Fund* | | | |
| April 1978 - March 1979 | April 1998 - March 1999 | 9.56 | 76,002,000 |
| April 1979 - March 1980 | April 1999 - March 2000 | 10.58 | 82,345,000 |
| April 1980 - March 1981 | April 2000 - March 2001 | 12.70 | 87,129,000 |
| April 1981 - March 1982 | April 2001 - March 2002 | 15.43 | 109,647,000 |
| April 1982 - March 1983 | April 2002 - March 2003 | 14.67 | 110,084,000 |
| April 1983 - March 1984 | April 2003 - March 2004 | 11.60 | 109,328,000 |
| April 1984 - March 1985 | April 2004 - March 2005 | 13.37 | 104,274,000 |
| April 1985 - March 1986 | April 2005 - March 2006 | 11.48 | 112,507,000 |
| April 1986 - March 1987 | April 2006 - March 2007 | 9.61 | 133,709,000 |
| April 1987 - March 1988 | April 2007 - March 2008 | 9.61 | 88,333,000 |
| April 1988 - March 1989 | April 2008 - March 2009 | 10.08 | 93,932,000 |
| April 1989 - March 1990 | April 2009 - March 2010 ** | 9.90 | 101,867,000 |
| April 1990 - March 1991 | April 2010 - March 2011 ** | 10.85 | 90,318,000 |
| April 1991 - March 1992 | April 2011 - March 2012 ** | 9.92 | 90,664,000 |
| April 1992 - March 1993 | April 2012 - March 2013 ** | 9.37 | 62,705,000 |
| | | | 1,452,844,000 |
| The Municipal Development Loan Fund | | | |
| 1964 - 1967 | 2004 - 2007 | 5.375 | 38,622 |
| Agricultural Service Centres Loan Agreement | | | |
| 1979 - 1985 | 1998 - 2004 | 7.665 - 13.477 | 1,223,765 |
| Total | | | \$ 1,454,106,387 |

* Canada Pension Debentures have a 20 year maturity, are not callable by the Province, and are redeemable at the option of the Minister of Finance of Canada on six months notice in certain circumstances relating to the CPP's funding and solvency requirements. The interest rates shown are on a weighted average basis.

** Subject in part to annual sinking funds; equity in sinking funds at March 31, 1998, \$20,483,839.

Glossary of Terms

Glossary of Terms

Accrual Accounting

The method of accounting used to prepare the financial statements. This is the method of accounting recommended by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Accrual accounting recognizes financial transactions at the time they occur, regardless of whether any cash is received or paid.

Accumulated Deficit

The amount by which expenses have exceeded revenues from the beginning of incorporation (1905). It is the sum of all annual deficits and surpluses plus any adjustments that were charged directly to the accumulated deficit.

Budget

The amount presented in the Estimates.

Debt

The term "debt" is used in a number of ways.

- **Debt (GRF)** - the total debt issued for general government purposes and for Crown corporations, net of sinking funds;
- **Total Debt (GRF)** - the total debt issued for general government purposes and for Crown corporations, net of sinking funds, plus guaranteed debt;
- **Public Debt (SFS)** - the debt of government service organizations, net of sinking funds;
- **Total Public Debt (SFS)** - the debt of government service organizations and government enterprises, net of sinking funds.
- **Guaranteed Debt** - the debt of Crown corporations and others that the Government has agreed to repay if they are unable to do so; and,
- **Sinking Funds** - the amount of money which has been set aside for the repayment of debt.

Debt Reduction Account

This account is established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

Consolidation

The method used to account for government service organizations in the Summary Financial Statements. The accounts are adjusted to the basis of accounting used by the General Revenue Fund and then added together. Inter-entity transactions are eliminated.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by Legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements prepared to account for the moneys appropriated by the Legislative Assembly.

Government Enterprises

Government organizations that have the financial and operating authority to carry on a business. This includes contracting in their own name, and selling goods and services to individuals and non-government organizations as their principal activity and source of revenue. Government enterprises are recorded in the Summary Financial Statements using the modified equity method.

Government Service Organizations

Those organizations that are accountable to government and either owned or controlled by government, and are not government enterprises. Government service organizations are consolidated in the Summary Financial Statements after adjusting them to a basis consistent with the accounting policies of the GRF.

Modified Equity

The method by which government enterprises are included in the Summary Financial Statements. The Government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise without adjusting them to conform with the accounting policies of the GRF. Inter-organizational transactions are not eliminated.

Pension Liability

An actuarial estimate of discounted future payments to be made to retirees under Government pension plans, net of plan assets.

Summary Financial Statements Reporting Entity

The Summary Financial Statements reporting entity includes the financial activities of organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislative Assembly and which are owned or controlled by the Government. Trusts administered by the Government are excluded from the reporting entity.

Summary Financial Statements (SFS)

The statements prepared to account for the full nature and extent of the financial activities authorized by the Legislative Assembly and administered through government departments, special funds, agencies and enterprises.

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